wildpack
BEVERAGE INC.

WILDPACK BEVERAGE ALBERTA INC.

FORMERLY KNOWN AS WILD LEAF VENTURES GROUP INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2021 and March 31, 2020

Expressed in US Dollars

WILDPACK BEVERAGE ALBERTA INC.
Interim Condensed Consolidated Statements of Financial Position (Unaudited)
As at March 31, 2021 and December 31, 2020
(Expressed in US Dollars)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$1,701,216	$214,392
Cash held in trust (note 10 (g))	379,118	300,193
Accounts receivable	3,962,198	2,034,165
Sales taxes recoverable	91,924	76,056
Inventories	1,675,211	1,237,169
Prepaid expenses	1,863,454	717,823
Notes receivables (note 10 (d))	555,255	31,001
Deferred fees	225,000	-
	10,453,376	4,610,799
Property, Plant & Equipment (note 6)	1,971,900	2,035,989
Right of use assets (note 7)	10,431,197	5,689,725
Intangible assets	2,551,334	2,597,197
Goodwill (note 5)	1,653,713	1,653,713
TOTAL ASSETS	$27,061,520	$16,587,423
LIABILITIES		
Current liabilities		
Line of credit	$1,133,215	$1,131,387
Accounts payable and accrued liabilities	3,174,217	2,440,934
Advances from related parties	58,383	323,784
Deferred revenue	4,679,098	1,901,124
Current portion of long-term debt (notes 9 and 13)	1,466,394	1,070,011
Current portion of lease obligations (notes 8 and 13)	1,664,021	778,667
	12,175,328	7,645,907
Deferred tax liability	490,668	644,233
Lease obligations (notes 8 and 13)	8,749,915	4,936,857
Long term debt (notes 9 and 13)	814,150	1,638,221
TOTAL LIABILITIES	22,230,061	14,865,218
SHAREHOLDERS' EQUITY		
Share capital (note 10)	8,637,757	5,067,290
Equity reserve	2,768,921	2,694,617
Contributed surplus	445,236	65,753
Accumulated deficit	(6,886,425)	(5,997,455)
Accumulated other comprehensive loss	(134,030)	(108,000)
TOTAL SHAREHOLDERS' EQUITY	4,831,459	1,722,205
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$27,061,520	$16,587,423

On behalf of the Board:

"Jeffrey Mason" Director "Mitchell Barnard" Director

Nature of operations and going concern (note 1)

Commitments and contingencies (note 17)

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

WILDPACK BEVERAGE ALBERTA INC.
Interim Condensed Consolidated Statement of Loss and Comprehensive Loss (Unaudited)
For the three-month periods ended March 31, 2021 and 2020
(Expressed in US Dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020 (restated - note 14)
Sales	$6,433,612	$-
Cost of sales	5,347,402	-
Gross profit	1,086,210	-
Operating expenses		
Selling expenses	313,155	825
Management fees	-	89,003
Office and administrative	315,245	13,726
Professional fees	369,796	96,616
Salaries, wages and benefits	447,818	-
Depreciation and amortization	248,527	74,607
Share-based compensation (note 10)	113,125	-
Other operating expenses (recovery)	120,777	(23,509)
Operating expenses	1,928,443	251,268
Other expenses		
Bank charges	2,979	25
Interest on long-term debt	55,851	15,915
Interest on leased assets	141,472	-
Other expenses	200,302	15,940
Net loss before income taxes	(1,042,535)	(267,208)
Deferred income tax recovery	(153,565)	-
Net Loss	(888,970)	(267,208)
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss:		
Foreign currency on translation	(26,030)	(96,091)
TOTAL COMPREHENSIVE LOSS	$(915,000)	$(363,299)
Weighted average number of common shares outstanding (thousands)	13,264	11,878
Loss per share – basic	$(0.07)	$(0.02)
Loss per share – diluted	$(0.07)	$(0.02)

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

(Expressed in US Dollars)

	Share capital						
	Number of shares	Amount	Contributed surplus	Equity reserve	Accumulated OCI	Retained earnings (deficit)	Total
At January 1, 2020 (restated - note 14)	12,105,632	$4,067,290	$ -	$ -	$(47,745)	$(2,263,603)	$1,755,942
Loss for the period	-	-	-	-	-	(267,208)	(267,208)
Other comprehensive loss – cumulative translation gain (loss)	-	-	-	-	(96,091)	-	(96,091)
At March 31, 2020 (restated - note 14	12,105,632	$4,067,290	$ -	$ -	$(143,836)	$(2,530,811)	$1,392,643
At January 1, 2021	13,014,723	$5,067,290	$65,753	$2,694,617	$(108,000)	$(5,997,455)	$1,722,205
Net shares issued – private placement (note 10)	634,334	885,324	-	-	-	-	885,324
Subscription receipts issued as compensation for brokers	-	-	158,550	-	-	-	158,550
Warrants issued as part of subscription receipts	-	-	107,808	-	-	-	107,808
Conversion of Wild Leaf Holdings U.S. LLC Preferred shares	1,352,914	1,448,116	-	(1,456,011)	-	-	$(7,895)
Equity reserve – SAFE agreements issued (note 10)	-	-	-	2,768,921	-	-	2,768,921
SAFE agreements converted into shares (note 10)	1,002,546	1,237,027		(1,238,606)	-	-	$(1,579)
Share based payments (note 10)	-	-	113,125	-	-	-	113,125
Loss for the period	-	-	-	-	-	(888,970)	(888,970)
Other comprehensive loss – cumulative translation gain (loss)	-	-	-	-	(26,030)	-	(26,030)
At March 31, 2021	16,004,517	$8,637,757	$445,236	$2,768,921	$(134,030)	$(6,886,425)	$4,831,459

WILDPACK BEVERAGE ALBERTA INC.
Interim Condensed Consolidated Statements of Cash Flow (Unaudited)
For the three-month periods ended March 31, 2021 and 2020
(Expressed in US Dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020 (restated - note 14)
OPERATING ACTIVITIES		
Net loss	$(888,970)	(267,209)
Adjustments for items not affecting cash:		
Depreciation and amortization	435,069	394
Amortization of intangibles	45,863	74,213
Deferred tax recovery	(153,565)	-
Stock-based compensation	113,125	-
Forgiveness of PPP Loans	(318,443)	-
Non-cash interest expense	(4,305)	-
Interest capitalized to loan	6,205	5,507
Changes in non-cash working capital:		
Cash held in trust	(78,360)	(37,197)
Accounts receivable	(1,928,033)	-
Sales taxes recoverable	(14,812)	(4,654)
Inventories	(438,042)	-
Prepaid expenses	(1,145,598)	-
Deferred fees	(223,389)	-
Deferred revenue	2,777,974	-
Accounts payable and accrued liabilities	777,522	81,606
Cash provided by (used in) operating activities	(1,037,759)	(147,340)
FINANCING ACTIVITIES		
Proceeds – brokered private placements	1,113,307	-
Proceeds – SAFE agreements	2,128,551	-
Share issuance cost	(9,474)	-
Line of credit	1,828	-
Advances from (to) shareholders	276,445	(90,179)
Repayments of long-term debt	(39,671)	-
Payments of lease obligations	(326,074)	-
Loans acquired	-	153,486
Cash provided by (used in) financing activities	3,144,912	63,307
INVESTING ACTIVITIES		
Purchase of equipment	(558,800)	(300,518)
Cash used in investing activities	(558,800)	(300,518)
Effects of exchange rate changes on cash	(61,529)	7,115
Net increase (decrease) in cash and cash equivalents	1,548,353	(384,551)
Cash and cash equivalents, beginning of period	214,392	568,739
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,701,216	$191,303

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid on debt	$55,851	$15,915
Interest paid on lease liability	$128,141	$-
Non-cash financing activities		
SAFE agreements – Promissory notes receivable	$524,254	$-
Debt settlement through SAFE agreements – Coastal Peaks	$79,523	$-
Settlement of commissions payable by issuing SAFE	$36,593	$-
Forgiveness of shareholders loan payable with private placement	$238,569	$-
Broker compensation settled in equity units (note 10c)	$158,550	$-
Equity issuance costs not paid	$232,972	$-

1. NATURE OF OPERATIONS AND GOING CONCERN

Wildpack Beverage Alberta Inc. ("Wildpack") was incorporated in the Province of Alberta on March 27, 2017.

On June 25, 2020, Wildpack, through Wild Leaf Holdings U.S. LLC acquired significantly all assets and specific liabilities, of both Lucky Clover Packaging LLC ("Lucky Clover") and CraftPack LLC ("CraftPack") (the "Acquisition") (note 5). The Acquisition forms the underlying continuing business of the Group.

These interim condensed consolidated financial statements of Wildpack Beverage Alberta Inc. as at and for the three-month periods ended March 31, 2021 and March 31, 2020 (the "interim financial statements") include its subsidiaries, all wholly-owned: Nyte Beverage Inc., Wild Leaf Ventures Group Nevada Inc., and Wild Leaf Holdings U.S. LLC (together referred to as the "Company" or the "Group").

The business of the Group is filling, decorating and brokering aluminum cans for middle market beverage brands.

The Group's registered office is located at Suite 3400, 350 7th Avenue SW, Calgary, Alberta, T29 3N9.

The interim condensed financial statements have been prepared on the assumption that the Group will continue as a going concern. The Group's operations have historically been funded from equity financings as well as financial support from related parties. During the three months ended March 31, 2021 the Group incurred a net loss of $888,970. As at March 31, 2021, the Company had an accumulated deficit of $6,886,425, cash and cash equivalents of $1,701,216 and a net working capital deficit of $1,721,952.

The Company's history of losses and working capital deficiency represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. On March 30, 2021, the Group entered into a transaction with Ponderous Panda Capital Corp. ("Panda") through which Panda will amalgamate with the Company and the resulting issuer (the "Resulting Issuer") will become a publicly listed entity, concurrently raising additional capital (the "Transaction"). In the three months ended March 31, 2021, the Group conducted a private placement of subscription receipts and units, at a price of $0.71 (CA$0.90) per subscription receipt. For a certain round of investors, the subscription receipts were converted immediately into shares and warrants, and the Group received gross proceeds of $1,351,887 (CA$1,699,997) and incurred related transaction costs of $200,206 (CA$251,759), for net proceeds of $1,151,681 (CA$1,448,238). For the remaining investors, the funds related to the offering are being held by an escrow agent pending meeting certain conditions, including the closing of the Transaction. This latter portion of the offering is not reflected in these financial statements as the related investors do not have the rights of shareholders, and the funds will only be received by the Group if the Transaction is completed.

2. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Each subscription receipt issued in connection with the private placement will be automatically converted immediately prior to the completion of the Transaction, without further payment or action on the part of the holder, upon satisfaction of the escrow release conditions, into one unit, subject to adjustment as provided for in the subscription receipt agreement. Each unit is then exchanged for Resulting Issuer common shares and warrants at a ratio of 3.3275 for every 1 unit held. Each unit is comprised of 0.30 of one Wildpack common share and 0.15 of one Wildpack warrant. Each whole warrant will entitle the holder thereof to purchase, subject to adjustment as provided for in the warrant certificates, one common share at a price of CA$1.10 per share at any time on or before the date which is 24 months after the escrow release conditions.

At the effective completion of the proposed Transaction, the Wildpack common shares and the Wildpack warrants acquired upon conversion of each subscription receipt will be automatically exchanged for one common share of the resulting issuer and one-half of one common share purchase warrant of the resulting issuer.

The Group’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate cash or raise equity capital or borrowings sufficient to meet current and future obligations. Based on internal forecasts, the Group’s ability to reduce expenditures if required, and management’s past history of successful equity raises, management expects to fund operating costs of the Group over the next twelve months with cash on hand, revenues from operations, and with further equity financings. There can be no assurance that such initiatives will be successfully concluded. The interim financial statements do not include adjustments to the carrying values of the assets and liabilities, the reported sales and expenses, and the balance sheet classifications used, that would be necessary if the Group were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Governments around the world have responded to the pandemic in a variety of ways, but have generally restricted activities that require in-person interaction. At the same time, governments have also worked to support the financial markets while responding to volatile market conditions. The pandemic's impacts on the Group will depend on its duration, the responses taken by governments in response to the pandemic, and overall impact on both the economy and the financial markets. The COVID-19 pandemic continues to result in extended government-ordered closures affecting significant portions of the global economy, including in the United States where the Group conducts significant business. The public health crisis caused by COVID-19 and the measures taken and continuing to be taken by governments, businesses and the public have not resulted in supply chain disruptions or significant changes in our customers’ ability to pay amounts owed to the Group. However, there is no assurance that these items will not occur in the future.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. They should be read in conjunction with the Group's most recent annual audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

The interim financial statements were authorized for issuance by the Group's Board of Directors on May 31, 2021.

(b) Basis of presentation

The interim condensed financial statements have been prepared in accordance with the same accounting principles as those followed in the preparation of the consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

The Group operates in multiple reportable segments, consisting of can filling, can decorating and corporate, primarily consisting of the operations acquired through the Acquisition. These operations are conducted entirely in the United States.

The Group is not currently subject to any significant seasonality.

The functional currencies of the entities in the Group are as follows:

- Wildpack Beverage Alberta Inc. – Canadian dollars
- Nyte Beverage Inc. – Canadian dollars
- Wild Leaf Ventures Group Nevada Inc. – US dollars
- Wild Leaf Holdings U.S. LLC – US dollars

The Group previously presented its financial statements in Canadian dollars. The Group changed its presentation currency to the US dollar effective April 1, 2020. See note 14 for further information. The financial statements for all periods presented have been translated into the new presentation currency as follows:

Statements of loss and comprehensive loss have been translated using the average exchange rates prevailing during the reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the date of the statement of financial position. All resulting exchange differences have been recognized as a separate component of equity.

(c) Basis of consolidation

The interim financial statements incorporate the financial statements of the Group. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when control is lost. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in note 3 of the audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates

The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the period they become known. There have been no changes in the nature of the significant judgements and estimates in the interim financial statements as compared to the annual consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

(Expressed in US Dollars)

5. BUSINESS COMBINATION – CRAFT PACK AND LUCKY CLOVER

On June 25, 2020 the Group acquired a 100% controlling interest in Lucky Clover and CraftPack for aggregate consideration of USD $2,797,940 consisting of cash payouts on specified dates (debt component), preferred shares convertible into common shares (equity component), and the existing investment in Craftpack.

Aggregate consideration	
Forgiveness of existing investment in Craftpack	$200,000
Debt Component (present value)	1,141,929
Equity Component	$1,456,011

Debt component (undiscounted cash payouts on the following dates):	
June 1, 2021	$424,000
June 25, 2021	150,000
First of the Month (12 payments): June 2021 – May 2022	126,000
June 1, 2022	500,000
	$1,200,000

The equity component consists of 1,320,536 class A preferred units (“Preferred Units”) in Wild Leaf Holdings U.S. LLC (wholly owned subsidiary of WildPack). These Preferred Units contain an option to exchange the Preferred Units for shares of common stock in WildPack (“Put Option”). On January 19, 2021, the Put Option was exercised at the option of the Preferred Unit holders, and Wildpack issued 1,352,914 common shares, calculated as 1,320,563 preferred units held and a 32,378 anti-dilution unit adjustment.

The cash component is recorded as a liability, while the equity component is recorded in the equity as at March 31, 2021 (equity reserve as at December 31, 2020).

Prior to the close, the Group provided financing to the Lucky Clover and CraftPack of $200,000, which was not repayable after the consummation of the transaction, and is included in the transaction price below.

Lucky Clover’s and CraftPack’s operations are located in Baltimore, Maryland and Sacramento, California.

(Expressed in US Dollars)

5. BUSINESS COMBINATION – CRAFT PACK AND LUCKY CLOVER (CONTINUED)

Outlined below is a summary of the purchase consideration and preliminary allocation of the fair value of the identifiable assets acquired and liabilities assumed

Details of the consideration	
Previous advances	$200,000
Cash payable in installments (based on a discount rate of 3.6%)	1,141,929
Fair value of subsidiary equity issued	1,456,011
Total purchase consideration	$2,797,940

The fair value of the shares issued as consideration was determined as follows:

Number of class A preferred units issued	1,320,563
Fair value of a Wildpack share as at Acquisition date	$1.10
	$1,456,011

The preliminary estimated fair values of the assets acquired and liabilities assumed in the acquisition of Lucky Clover and CraftPack:

Cash and cash equivalents	296,696
Accounts receivable	1,488,918
Inventories	730,567
Notes receivables	57,861
Prepaid expenses and deposits	113,785
Property, plant and equipment	957,581
Right of use assets	2,322,017
Intangible assets	2,693,000
Total assets acquired	$8,660,425
Accounts payable and accrued liabilities	$1,510,394
Line of credit	120,590
Deferred revenue	797,992
Payable to former owner	125,000
Current portion of Loan payable	1,392,220
Current portion of lease obligations	244,351
Deferred tax liability	685,356
Lease obligations	2,077,666
Long term debt	562,629
Total liabilities assumed	$7,516,198
Net assets acquired	$1,144,227
Difference between total purchase consideration and net assets acquired attributed to goodwill	$1,653,713

(Expressed in US Dollars)

5. BUSINESS COMBINATION – CRAFT PACK and LUCKY CLOVER (CONTINUED)

Based upon the consideration paid compared to the net assets acquired the Company has recorded goodwill of $1,653,713. The goodwill is attributable to the fact that the acquisition is expected to allow the Company to enter new markets, launch new product offerings, and form the backbone of its business strategy.

On acquisition the Group acquired a liability to pay the former owners $125,000, which is reflected in the purchase price equation. The amount was subsequently paid after the acquisition.

The identifiable intangible assets consist of the following:

		Useful life
Customer relationships – Craft Pack	$279,000	10 years
Customer relationships – Lucky Clover	1,251,000	10 years
Brand Name – Lucky Clover	1,130,000	Indefinite
Order Backlog – Lucky Clover	33,000	1 year
	$2,693,000	

The application of IFRS requires management to determine the fair value of the assets acquired and liabilities assumed (with certain exceptions). Management has not completed its assessment of the fair value of assets acquired and liabilities assumed. As management completes its assessment of the fair value of net assets acquired and liabilities assumed, there could be adjustments to the values outlined above, however such adjustments are not expected to be material. Revisions may be made up to 12 months from the date of the acquisition, or earlier if all information is obtained.

Acquisition-related costs

Acquisition-related costs of $135,000 are included in professional fees. These costs primarily consist of legal costs.

(Expressed in US Dollars)

6. PROPERTY, PLANT & EQUIPMENT

Balances as at April 1, 2019 and March 31, 2020 have been restated as a result of the Group's change in presentation currency. Refer to note 14 for further details.

	Computer Equipment	Computer Software	Office Equipment	Manufacturing Equipment-	Leasehold Improvements	Total
Cost						
At January 1, 2020 (restated)	$2,007	$-	$6,663	$-	$-	$8,670
Additions	-	-	-	315,590	-	315,590
Effect of movements in exchange rates	-	-	-	1,005	-	1,005
At March 31, 2020 (restated)	$2,007	$-	$6,663	$316,595	-	$325,265
Asset disposition	(2,007)	-	(6,663)	-	-	(8,670)
Asset additions from acquisition	4,563	2,245	5,657	728,033	217,083	957,581
Additions	-	5,753	-	1,020,631	37,124	1,063,508
Effect of movements in exchange rates	-	-	-	-	-	-
At December 31, 2020	$4,563	$7,998	$5,657	$2,065,259	$254,207	$2,337,684
Additions	4,394	58,999	-	424,513	70,894	558,800
Reclassification to ROU asset	-	-	-	(400,000)	(30,163)	(430,163)
Effect of movements in exchange rates	-	-	-	25,904	-	25,904
At March 31, 2021	$8,957	$66,997	$5,657	$2,115,676	$294,938	$2,492,225
Accumulated depreciation						
At January 1, 2020 (restated)	$1,151	$-	$666	$-	$-	$1,817
Charged in the period	383	-	1,194	-	-	1,577
Effect of movements in exchange rates	-	-	-	-	-	-
At March 31, 2020 (restated)	$1,534	-	$1,860	$-	$-	$3,394
Asset disposition	(1,534)	-	(1,860)	-	-	(3,394)
Charged in the period	2,010	3,204	1,668	290,234	4,579	301,695
Effect of movements in exchange rates	-	-	-	-		-
At December 31, 2020	$2,010	$3,204	$1,668	$290,234	$4,579	$301,695
Charged in the period	648	2,865	676	208,785	2,292	215,266
Effect of movements in exchange rates	-	-	-	3,364	-	3,364
At March 31, 2021	$2,658	$6,069	$2,344	$502,383	$6,871	$520,325
Net book value						
At December 31, 2020	$2,553	$4,794	$3,989	$1,775,025	$249,628	$2,035,989
At March 31, 2021	$6,299	$60,928	$3,313	$1,613,293	$288,067	$1,971,900

(Expressed in US Dollars)

7. RIGHT-OF-USE ASSETS

The Group enters into certain equipment leases with a third-party financing company that purchases equipment and then leases the equipment to the Group. Leases from this financing company are categorized as equipment below.

	Equipment	Office and Plant Premises	Total
Cost			
As at January 1, 2020 (restated)	$ -	$-	$-
Additions	-	-	-
At March 31, 2020 (restated)	-	-	-
ROU additions from acquisition	17,825	2,304,192	2,322,017
ROU additions during the period	1,760,114	1,962,824	3,722,938
At December 31, 2020	$1,777,939	$4,267,016	$6,044,955
ROU additions during the period	1,057,771	3,503,941	4,561,712
Reclassification from PP&E	430,163		430,163
Disposition	(30,600)	–	(30,600)
At March 31, 2021	$3,235,273	$7,770,957	$11,006,230
Accumulated depreciation			
At April 1, 2019 (restated)	$-	$-	$-
Charged in the period	-	-	-
At March 31, 2020 (restated)	-	-	-
Charged in the period	141,292	213,938	355,230
At December 31, 2020	$141,292	$213,938	$355,230
Charged in the period	23,620	196,183	219,803
At March 31, 2021	$164,912	$410,121	$575,033
Net book value			
At December 31, 2020	$1,636,647	$4,053,078	$5,689,725
At March 31, 2021	$3,070,361	$7,360,836	$10,431,197

(Expressed in US Dollars)

8. LEASE OBLIGATIONS

At January 1, 2020 (restated)	$-
Additions	-
Lease payments	-
Interest accretion	-
At March 31, 2020 (restated)	$-
Additions	5,961,088
Lease payments	(373,804)
Interest accretion	128,240
As at December 31, 2020	$5,715,524
Additions	4,998,860
Lease payments	(446,589)
Interest accretion	146,141
As at March 31, 2021	$10,413,936
Current portion of lease obligations	1,664,021
Non-current portion of lease obligations	8,749,915

(Expressed in US Dollars)

9. DEBT

	March 31, 2021	December 30, 2020
Fulton Term Loan	$767,889	$795,560
Fulton Term Loan – Deferred financing costs	(39,085)	(39,450)
SBA PPP Loan	-	318,443
Theodore Dyer - $369,000 Term Loan	409,811	415,606
Promissory Note – Spencer Whyte	-	76,144
Debt consideration payable for Acquisition (note 5)	1,141,929	1,141,929
Total	$2,280,544	$2,708,232
Current portion	$1,466,394	$1,070,011
Non-current portion	814,150	1,638,221
	$2,280,544	$2,708,232

(a) Paycheck Protection Program Loans

The paycheck protection programs are granted pursuant to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) enacted by the US government. They are legal form debt granted at a fixed interest rate of 1% per annum, with a maturity date in April 2022, with the ability to be prepaid at any time without fees. On March 9, 2021, the full principal amount of the loan was forgiven, and the associated forgiveness was recorded as a reduction to cost of sales and salaries, wages and benefits on the income statement.

(b) Spencer Whyte Promissory Note

Wildpack entered into a $76,114 promissory note agreement with Spencer Whyte, an arm’s length 3rd party, on November 3, 2020. The interest rate is 8% per annum and compounded monthly. It is due on demand and has been classified as a current liability. In the three months ended March 31, 2021, this note and accrued interest was converted into a simple agreement for future equity (“SAFE”) which entitles Mr. Whyte to receive shares of the Group at a conversion price of $0.57 (CA$0.72) and as a result the debt has been reclassified to equity.

(Expressed in US Dollars)

10. SHARE CAPITAL

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued

	Number of common shares	U.S. Dollars (restated – note 14)
At April 1, 2019	11,247,441	$3,488,956
Shares issued for cash for C$0.89 (USD $0.67) per share	618,977	416,017
Shares issued for cash for C$0.89 (USD $0.68) per share	139,214	95,096
Shares issued for cash for C$0.89 (USD $0.67) per share	100,000	67,221
At March 31, 2020	12,105,632	$4,067,290
Shares issued for cash for C$1.50 (USD $1.10) per share	909,091	1,000,000
At December 31, 2020	13,014,723	$5,067,290
Shares issued – private placement	634,334	885,324
SAFE agreements converted into shares	1,002,546	1,237,027
Conversion of Wild Leaf Holdings U.S. LLC Preferred shares	1,352,914	1,448,116
At March 31, 2021	16,004,517	$8,637,757

(Expressed in US Dollars)

10. SHARE CAPITAL (CONTINUED)

(c) Stock-based compensation

The Group entered into agreements with certain employees, effective January 1, 2021, to provide them with approximately 3,326,000 options and 147,000 RSUs, which will be granted on the earlier of the Group's go public date or July 1, 2021. The Company recognized stock-based compensation expenses of $113,125 in the three months ended March 31, 2021 related to these agreements which is being accrued to July 1, 2021.

The assumptions used in valuing these options:

	3 months ended March 31, 2021
Grant date fair value	CA$0.90
Weighted average of assumptions used:	
Expected volatility	60%
Term of option	2 years
Risk free interest rate	0.2%
Dividend rate	Nil

The RSUs were valued at the fair value of the underlying shares, which is $0.71 (CA$0.90). Total RSU based compensation expense recognized in the three months ended March 31, 2021 was $23,938.

As part of the brokered private placement discussed in Note 10(f) below, the Company issued subscription receipts to brokers as compensation. The subscription receipts are convertible to shares and warrants either two years from the date the escrow release conditions are met or two years from the date a termination event occurs. There is no ability to settle these subscription receipts in cash and so they have been classified as equity. The warrants immediately vest upon conversion. The following assumptions were used in valuing these subscription receipts:

	3 months ended March 31, 2021
Grant date fair value	CA$0.90
Weighted average of assumptions used:	
Expected volatility	60%
Term of option	2 years
Risk free interest rate	0.5%
Dividend rate	Nil

10. SHARE CAPITAL (CONTINUED)

(d) Equity reserve – Simple Agreement for Future Equity

On January 12, 2021, the SAFE held by The House Finance Corp. was converted into shares of the Company's common stock. The Company issued 1,002,546 common shares at an effective conversion price of $1.23 (CA$1.62). The Company paid $1,579 (CA$2,000) in legal fees related to this transaction.

On January 18, 2021, February 1, 2021, and February 16, 2021, Wildpack raised gross proceeds of $2,134,076 (CA$2,723,508), $389,114 (CA$499,000), and $278,497 (CA$353,245) respectively, through SAFE's. The SAFE entitles the holder to common stock in the amount calculated by converting the value of the SAFE into shares of common stock of the Company, on certain events, at the lessor of: (i) a 20% discount to the pre-money valuation of an equity financing where equal to or greater than $2,368,608 (CA$3,000,000) of proceeds are raised by the Company; and (ii) a valuation cap of $39,476,801 (CA$50,000,000). Upon completion of the brokered private placement, the SAFEs converted into common stock at a 20% discount to a pre-money valuation of the Company, with an effective per share price of $0.57 (CA$0.72). The SAFE is classified as equity reserve. The Company paid $32,766 (CA$41,500) in legal fees in connection with these issuances. A portion of the SAFE gross proceeds is the conversion of the Promissory Note, held by Spencer Whyte. This is reflected as a non-cash financing activity, debt settlement through SAFE agreements, on the statement of cash flows. Please reference note 9(b).

As March 31, 2021, certain funds related to these issuances were not received and the amounts owing from the investors $524,754 (CA$629,650) are recorded in notes receivable.

(e) Equity reserve – Put Option

On January 19, 2021, the Put Option was exercised at the option of the Wild Leaf Holdings U.S. LLC preferred unit holders, originating from the Acquisition, and Wildpack issued 1,352,914 common shares, composed of 1,320,563 preferred units held and a 32,378 anti-dilution unit adjustment. The effective price per share was $1.08 (CA$1.37) The Company paid CA$10,000 in legal fees related to this transaction.

10. SHARE CAPITAL (CONTINUED)

(f) Private placement

As outlined in Note 1, in the three months ended March 31, 2021, the Group conducted a private placement of subscription receipts and units, at a price of $0.71 (CA$0.90) per subscription receipt. For a certain round of investors, the subscription receipts were converted immediately into shares and warrants, and the Group received gross proceeds of $1,351,887 (CA$1,699,997) and incurred related transaction costs of $200,206 (CA$251,759), for net proceeds of $1,151,681 (CA$1,448,238). For the remaining investors, the funds related to the offering are being held by an escrow agent pending meeting certain conditions, including the closing of the Transaction. The associated investors do not have any shareholders rights, and cannot convert the subscription receipts into shares and warrants of the Group until those subscription receipts are released from escrow. No adjustment to the interim financial statements has been made for the subscription receipts issued where the proceeds are held in escrow. Please see note 18.

The costs associated with the issuance of the private placement have been deferred on the balance sheet in other assets, pending the completion of the Transaction and the private placements. Once the private placements are completed, and the Transaction is concluded, these amounts will be reclassified to equity. If the Transaction is not completed, the amounts will be expensed.

(g) Cash held in trust

Cash held in trust includes $79,118 held with the Group’s legal counsel as at March 31, 2021.

(Expressed in US Dollars)

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

(a) Key management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executives and non-executive directors and officers. Compensation provided to key management personnel for the three month periods ended March 31, 2021 and March 31, 2020 were as follows:

	March 31, 2021	March 31, 2020
Short-term employee benefits, including salaries	$205,741	$89,003
Share-based compensation	72,374	-
Total	$278,115	$89,003

For the three months ended March 31, 2020, directors who are not part of key management received stock-based compensation of $40,751, which consists of $16,813 stock-based options and $23,938 restricted stock units (March 31, 2020 - nil).

(b) Related party transactions

The House Finance Corp. is an entity that is partially owned by an officer of the Company which has no balance owing as at March 31, 2021 (note 10(e)) (March 31, 2020 - $536,564).

On January 1, 2021, Wild Leaf U.S. Holding shareholders converted 1,352,914 Class A preferred units in Wild Leaf U.S. Holdings (a wholly owned subsidiary of Wildpack) into an equivalent amount of common shares of Wildpack for the amount of $1,456,011 (CA$ 1,980,845).

On January 12, 2021, Stephen Fader, a shareholder, exercised his SAFE agreement to receive 1,002,546 common shares for the amount of $1,238,606 (CA$ 1,626,661).

On March 31, 2021, Wildpack conducted a private placement (see Note 10(f)) where 333,917 units pre-Transaction, equivalent to 1,111,110 units post-Transaction, were issued of which net amounts of $520,779 (CA$ 654,879) were allocated to share capital related to the shares included in the units, and $63,416 (CA$ 79,746) was allocated to contributed surplus related to warrants included in the units, subscribed to by key management personnel and directors.

Compensation letters were executed effective January 1, 2021 which provide certain options to employees and key management. The total share-based compensation provided to key management personnel and directors were $113,125 (CA$143,281). Refer to Note 10(c)

During the three months ended March 31, 2021, Wildpack raised gross proceeds of $730,568 (CA$934,250) from existing shareholders through the issuance of SAFE. Refer to Note 10(d).

12. CAPITAL RISK MANAGEMENT

When managing capital, the Company's objective is to ensure it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the beverage production.

As at March 31, 2021, the Company considers its capital to be its long-term debt and share capital reduced by accumulated deficit and accumulated other comprehensive loss.

Management reviews its capital management approach on an ongoing basis and given the relative size of the Company, this is considered reasonable.

The Company is not subject to externally imposed capital requirements, and there were no changes in the Company's approach to capital management for the three month period ended March 31, 2021.

(Expressed in US Dollars)

13. FINANCIAL RISK MANAGEMENT

(a) Fair value

The carrying amount of cash and cash equivalents, cash held in trust, accounts receivable, sales taxes recoverable, notes receivable, line of credit, accounts payable and accrued liabilities, advances from related parties, current portion of long-term debt, on the interim statements of financial position approximate their fair value due to the relatively short-term maturity of these financial instruments.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable US chartered banks. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the accounts receivable balance. The ECL has been recorded as at March 31, 2021 is $119,795 (March 31, 2020: $nil).

The aging of accounts receivable at the reporting date was:

	March 31, 2021	December 31, 2020
Not past due	$-	$-
Past due 1-30 days	91,710	759,883
Past due 31-90 days	1,006,869	558,417
Past due 91-120 days	2,088,628	243,004
Past due greater than 120 days	894,786	472,861
Total	$4,081,993	$2,034,165
Allowance	(119,795)	-
Net total	$3,962,198	$2,034,165

The movement in the allowance for doubtful accounts in respect of accounts receivable during the period was as follows:

	Three months ended March 31, 2021	9 months ended December 31, 2020
Balance, beginning of period	$-	$ -
Additional allowance	119,795	-
Balance, end of period	$119,795	$ -

(Expressed in US Dollars)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at March 31, 2021, the Company had a cash and cash equivalents balance of $1,701,216 (December 31, 2020 - $214,392) to settle current liabilities of $12,175,328 (December 31, 2020 - $7,645,907). Management believes there is sufficient capital in order to meet short-term business obligations, after taking into consideration the cash flows requirements from operations and its cash position as at the reporting date. See note 1 for the going concern discussion.

The undiscounted contractual maturity of all financial liabilities is as follows:

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years
Accounts payable and accrued liabilities	$3,174,217	$3,174,217	$3,174,217	$ -	$ -	$ -
Long term debt	2,280,544	2,482,895	1,274,208	603,593	605,094	-
Credit facility	1,133,215	1,133,215	1,133,215	-	-	-
Lease payable	10,413,936	12,719,143	2,281,715	4,807,999	4,320,900	1,308,529
Total	$17,001,912	$19,509,470	$7,863,355	$5,411,592	$4,925,994	$1,308,529

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

Market rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk reflects interest rate risk, currency risk and other price risk.

- Interest rate risk: Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Company's interest rates on its capital lease obligations, long term debt and short-term investments are fixed. Management monitors its interest rates compared to market rates on a regular basis. The Company does not use derivative instruments to reduce its exposure to interest rate risk. A 1% decrease (increase) in interest rates would result in an approximately $24,944 decrease (increase) in net income for the three months ended March 31, 2021.
- Currency risk: The Group operates in Canada and the US and is exposed to foreign exchange risk with respect to transactions which are not denominated in the functional currency of the relevant entity. As at March 31, 2021 this risk is not considered significant as the functional currency of Wild Leaf Holdings U.S. LLC is the US dollar and substantially all of these entities operations is conducted in US dollars. The Company does not have any financial instruments denominated in foreign currencies.
- Other price risk: The Group holds on instruments which are subject to other price risk.

(Expressed in US Dollars)

14. CHANGE IN PRESENTATION CURRENCY

Effective April 1, 2020, the Company changed its presentation currency from Canadian dollars to U.S. dollars. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the industry. The Company has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. In accordance with IAS 21, the effects of changes in the foreign exchange rates, the financial statements for all periods presented have been translated to the new U.S. dollar presentation currency.

For comparative balances, assets and liabilities have been translated into the presentation currency at the rate of exchange prevailing at the reporting date. Revenues and expenses were translated at the annual average exchange rates for the reporting period as these approximated the actual exchange rates at the dates of the underlying transactions. Common share amounts were translated at the historical spot rates on the date of the related transactions. Accumulated deficit was translated at average rates for each year as if the U.S. dollar had always been the presentation currency. Exchange differences arising on translation were taken to accumulated other comprehensive loss in shareholders' equity. The Company has presented the effects of the change in presentation currency below, using the following rates:

Financial statement item	Exchange rate (USD to CDN)
Assets and liabilities	
As at March 31, 2020	1.4156
As at March 31, 2019	1.3352
Revenue and expenses	
For the year ended March 31, 2020	1.3306
For the year ended March 31, 2019	1.3122
Common shares	
Range of historical spot rates for transactions that occurred during:	
For the year ended March 31, 2020	1.3029 – 1.3242
For the year ended March 31, 2019	1.2819 – 1.3375
For the year ended March 31, 2018	1.3326 – 1.3652
For the year ended March 31, 2017	1.3382
Accumulated deficit	
For the year ended March 31, 2020	1.3306
For the year ended March 31, 2019	1.3122
For the year ended March 31, 2018	1.2834
For the 3 months ended March 31, 2017	1.3229

(Expressed in US Dollars)

14. CHANGE IN PRESENTATION CURRENCY (CONTINUED)

(a) Consolidated statements of financial position

	March 31, 2020 Canadian dollars (as originally stated)	Translation rate (USD to CDN)	March 31, 2020 U.S. dollars (restated)
ASSETS			
Current assets			
Cash and cash equivalents	$270,809	1.4156	$191,303
Cash held in trust	50,000	1.4156	35,321
Prepaid expenses	-	1.4156	-
Sales taxes recoverable	65,814	1.4156	46,492
	386,623		273,116
Property, Plant & Equipment	455,641	1.4156	321,871
Intangible assets	1,995,147	1.4156	1,409,400
TOTAL ASSETS	2,837,411		$2,004,387
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$128,960	1.4156	$91,099
Advances (Receivable) from related parties	(22,535)	1.4156	(15,919)
Current portion of long-term debt	759,560	1.4156	536,564
	865,985		611,744
TOTAL LIABILITIES	865,985		611,744
SHAREHOLDERS' EQUITY			
Share capital	5,295,634	1.3020	4,067,290
Accumulated deficit	(3,324,208)	1.3135	(2,530,811)
Accumulated other comprehensive loss	-		(143,836)
TOTAL SHAREHOLDERS' EQUITY	1,971,426		1,392,643
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,837,411		$2,004,387

(Expressed in US Dollars)

14. CHANGE IN PRESENTATION CURRENCY (CONTINUED)

(b) Consolidated statements of loss and comprehensive loss for comparative three-month period ended

	March 31, 2020 Canadian dollars (as originally stated)	Translation rate (USD to CDN)	March 31, 2020 U.S. dollars (restated)
Sales	$-	1.3306	$-
Cost of goods sold	-	1.3306	-
Gross profit	-		-
Operating expenses			
Advertising and promotion	76,995	1.3306	57,866
Management fees	499,346	1.3306	375,284
Office and administrative	74,535	1.3306	56,017
Production tools & supplies	49,198	1.3306	36,975
Professional fees	205,018	1.3306	154,081
Salaries, wages and benefits	37,126	1.3306	27,902
Other operating expenses	22,328	1.3306	16,781
Operating expenses	964,546		724,906
Other expenses			
Depreciation and amortization	401,145	1.3306	301,481
Interest on long-term debt	69,992	1.3306	52,602
Other expenses	471,137		354,083
NET LOSS AND TOTAL COMPREHENSIVE LOSS	$(1,435,683)		$(1,078,989)

(Expressed in US Dollars)

14. CHANGE IN PRESENTATION CURRENCY (CONTINUED)

(c) Consolidated statement of changes in equity

	Common shares Canadian dollars (as originally stated)	Translation rate (USD to CDN)	Common shares U.S. dollars (as restated)	Accumulated OCI Canadian dollars (as originally stated)	Accumulated OCI U.S. dollars (as restated)	Accumulated deficit Canadian dollars (as originally stated)	Translation rate (USD to CDN)	Accumulated deficit U.S. dollars (as restated)	Total Canadian dollars (as originally stated)	Total U.S. dollars (as restated)
At April 1 , 2019	$4,531,845	1.2989	$3,488,956	$-	$(57,416)	$(1,888,525)	1.3008	$(1,451,822)	$2,643,320	$1,979,718
Shares issued – private placement	763,789	1.3207	578,334	-	-	-		-	763,789	578,334
Loss for the period	-		-	-	-	(1,435,683)	1.3306	(1,078,989)	(1,435,683)	(1,078,989)
OCI – Cumulative translation loss	-		-	-	(86,420)	-		-	-	(86,420)
At March 31, 2020	$5,295,634		$4,067,290	$-	$(143,836)	$(3,324,208)		$(2,530,811)	$1,971,426	$1,392,643

(Expressed in US Dollars)

14. CHANGE IN PRESENTATION CURRENCY (CONTINUED)

(d) Consolidated statement of cash flow for comparative three-month period ended

	March 31, 2020 Canadian dollars (as originally stated)	Translation rate (USD to CDN)	March 31, 2020 U.S. dollars (restated)
OPERATING ACTIVITIES			
Net loss	$(1,435,683)	1.3306	$(1,078,989)
Adjustments for items not affecting cash:			
Depreciation and amortization	401,145	1.3306	301,481
Unrealized foreign exchange	-		(11,684)
Changes in non-cash working capital:			
Cash held in trust	(50,000)	1.3306	(37,578)
Sales taxes recoverable	(28,239)	1.3306	(21,223)
Prepaid expenses	29,468	1.3306	22,147
Accounts payable and accrued liabilities	74,641	1.3306	56,097
Cash provided by (used in) operating activities	(1,008,668)		(769,750)
FINANCING ACTIVITIES			
Proceeds - private placements	763,789	1.3306	574,026
Advances from (to) shareholders	(2,824)	1.3306	(2,122)
Advances(repayments) of long-term debt	759,560	1.3306	570,848
Cash provided by (used in) financing activities	1,520,525		1,142,752
INVESTING ACTIVITIES			
Purchase of equipment	(448,607)	1.3306	(337,151)
Cash used in investing activities	(448,607)		(337,151)
Net increase (decrease) in cash	63,250		35,851
Cash and cash equivalents, beginning of period	207,559	1.3352	155,452
CASH AND CASH EQUIVALENTS, END OF PERIOD	270,809	1.4156	$191,303

(Expressed in US Dollars)

15. SEGMENT INFORMATION

Reportable segments

The operating segments of the Group are based on the reports which are reviewed by the chief operating decision maker ("CODM") in making strategic resource allocation decisions. The Group considers its CODM to be its CEO and CFO, who evaluate the operations of each of beverage filling and can decorating individually. The CODM reviews the net profit or loss of each of these segments in allocating resources and evaluating operating performance.

The following table presents the Company's revenue and non-current assets disaggregated by beverage filling and beverage decorating:

Three months ended March 31, 2021	Can filling	Can decorating	Corporate	Total
Revenues from external customers	$1,156,552	$5,277,060	$-	$6,433,612
Net income (loss)	$(310,060)	$801,210	$(1,380,120)	$(888,970)
Non-current assets				
By Segment	$7,054,309	$7,522,709	$2,031,126	$16,608,144

Three months ended March 31, 2020	Can filling	Can decorating	Corporate	Total
Revenues from external customers	$ -	$ -	$ -	$ -
Net loss	$ -	$ -	$(267,208)	$(267,208)
Non-current assets				
By Segment	$ -	$ -	$1,731,272	$1,731,272

The Group had no customers that constitute more than 10% of revenue for the three-month period ended March 31, 2021.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three months ended March 31, 2021 and 2020.

16. GEOGRAPHICAL DISCLOSURES AND KEY CUSTOMERS

The Group conducts activities in two geographic areas: United States and Canada. For the three months ended March 31, 2021 and 2020, no customers that represented more than 10% of the Group's consolidated revenue and accounts receivable. The majority of the Group's operations are located in the United States, with immaterial operations and corporate functions located in Canada.

17. COMMITMENTS AND CONTINGENCIES

The Group is not aware of any pending or outstanding litigation that would have material impact on the Group's financial condition. The Group's accounting policy is to include the estimated net cost of disposition of known claims and lawsuits in its financial statements where it is possible to make such estimates.

In the opinion of management, all such claims and suits are adequately covered by insurance, or are provided in the financial statements or, if not so covered or provided for, the results are not expected to materially affect the Group's financial position or results of operations.

18. SUBSEQUENT EVENTS

On May 18, 2021 the Company completed the brokered private placement Transaction, releasing the escrow conditions on the subscription receipts. The Transaction contained 9,532,687 units, at a price of $0.74 (CA$0.90), for gross proceeds of $7,090,428 (CA$8,579,418). Each unit is comprised of one Wildpack common share and one half Wildpack warrant. The Company issued 9,532,657 common shares and 4,766,329 warrants in conjunction with the transaction.

The Company paid a cash commission equal to 7% of the aggregate gross proceeds of the offering and issued such number of transferable compensation units as is equal to 7% of the total number of Subscription Receipts and Units issued under the private placement. The Company also paid all expenses and fees in connection with the private placement, including, all expenses of or incidental to the creation, issue, sale or distribution of the Subscription Receipts; the fees and expenses of the Company's counsel; all costs incurred in connection with the preparation of documents relating to the private placement; and all expenses and fees incurred by the Agents. The subscription receipts outstanding were converted into common shares and share purchase warrants.

Each whole warrant will entitle the holder thereof to purchase, subject to adjustment as provided for in the warrant certificates, one common share at a price of CA$1.10 per share at any time on or before the date which is 24 months after the escrow release conditions.