



**Condensed Consolidated Interim Financial Statements of
GREENSPACE BRANDS INC.**

For the three and nine month periods ended December 31, 2016 and 2015

These condensed consolidated interim financial statements and the notes thereto have not been reviewed by the Company's external auditors.

GreenSpace Brands Inc.

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GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(Expressed in thousands of Canadian dollars)

	December 31 2016 \$	March 31 2016 \$
Assets		(Note 6)
Current assets		
Accounts receivable, net of allowance for doubtful accounts of \$164 (March 31, 2016 - \$164)	5,640	3,993
HST receivable	120	184
Prepaid expenses	424	407
Inventory (note 8)	5,096	3,479
Due from related parties (note 15)	38	38
Total current assets	11,318	8,101
Property, plant and equipment (note 9)	726	716
Intangible assets (note 6 and 10)	13,700	14,307
Goodwill (note 6)	9,708	9,708
Total assets	35,452	32,832
Liabilities		
Current liabilities		
Bank overdraft (note 11)	-	998
Accounts payable and accrued liabilities (note 15)	4,650	4,889
HST payable	232	-
Loans from related parties (note 6 and 15)	1,483	4,432
Loans payable (note 12)	71	1,649
	6,436	11,968
Loans from related parties - non-current (note 6 and 15)	1,230	3,831
Loans payable - non-current (note 12)	186	243
Long term debt (note 13)	5,498	-
Deferred tax liabilities (note 6)	2,000	2,207
Total liabilities	15,350	18,249
Shareholders' equity		
Share capital (note 14)	30,447	22,483
Contributed surplus (note 6, 14(c) and 14(d))	2,281	2,202
Accumulated deficit	(12,626)	(10,102)
	20,102	14,583
Total liabilities and shareholders' equity	35,452	32,832

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

Approved by the Board:

Matthew von Teichman-Logischen
Chairman

James Haggarty
Director

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

For the three and nine month periods ended December 31, 2016 and 2015

(unaudited)

(Expressed in thousands of Canadian dollars, except per share and number of shares amounts)

	Three months ended		Nine months ended	
	December 31 2016 \$	December 31 2015 \$	December 31 2016 \$	December 31 2015 \$
Gross revenue	10,078	3,217	29,014	6,721
Less: rebates and discounts	(985)	(330)	(2,591)	(655)
Less: listing fees	(60)	(7)	(442)	(66)
Net revenue	9,033	2,880	25,981	6,000
Cost of goods sold	7,009	2,213	19,880	4,874
Gross profit	2,024	667	6,101	1,126
Expenses				
General and administrative	425	248	1,389	487
Storage and delivery	564	220	1,118	416
Salaries and benefits	693	475	2,214	1,159
Advertising and promotion	59	168	684	456
Professional fees	149	282	362	554
Stock-based compensation (note 14 (c))	42	63	157	179
Amortization of intangible assets	260	28	780	28
Reverse take-over listing fee (note 5)	-	-	-	991
Total expenses	2,192	1,484	6,704	4,270
Net loss before interest expense, accretion expense and income taxes	(168)	(817)	(603)	(3,144)
Interest expense	113	52	394	71
Net loss before accretion expense and income taxes	(281)	(869)	(997)	(3,215)
Accretion expense	318	-	1,231	-
Deferred income tax (recovery)	(69)	(8)	(207)	(8)
Loss from continuing operations	(530)	(861)	(2,021)	(3,207)
Loss from discontinued operations, net of income taxes (note 7)	(396)	(214)	(503)	(214)
Net loss and comprehensive loss	(926)	(1,075)	(2,524)	(3,421)
Net loss per share				
Basic and diluted from discontinued operations	(0.01)	(0.01)	(0.01)	(0.01)
Basic and diluted from continuing operations	(0.01)	(0.04)	(0.05)	(0.17)
Weighted average number of shares basic and diluted	43,268,354	21,548,399	38,976,316	18,407,606

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

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)

(Expressed in thousands of Canadian dollars, except for number of shares)

	Share capital Number	Amount \$	Contributed Surplus \$	Accumulated Deficit \$	Total Shareholders' Equity \$
March 31, 2016	35,849,662	22,483	2,202	(10,102)	14,583
Issuance of share options	-	-	157	-	157
Exercise of warrants	350,000	405	(78)	-	327
Shares issued through short form prospectus	6,210,000	7,017	-	-	7,017
Shares issued for repayment of loan from related parties	1,006,114	1,192	-	-	1,192
Share issuance costs	-	(650)	-	-	(650)
Net loss and comprehensive loss	-	-	-	(2,524)	(2,524)
December 31, 2016	43,415,776	30,447	2,281	(12,626)	20,102
March 31, 2015	3,369,415	3,617	-	(4,707)	(1,090)
Share split as part of qualifying transaction (note 5)	11,336,470	-	-	-	-
Reverse take-over transaction (note 5)	804,650	1,094	67	-	1,161
Shares issued for business combination	1,190,476	1,250	-	-	1,250
Shares issued through private placements	5,771,467	7,137	131	-	7,268
Share issuance costs	-	(1,070)	498	-	(572)
Issuance of share options	-	-	179	-	179
Net loss attributable to common shareholders	-	-	-	(3,421)	(3,421)
December 31, 2015	22,472,478	12,028	875	(8,128)	4,775

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GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the nine month periods ended December 31, 2016 and 2015

(unaudited)

(Expressed in thousands of Canadian dollars)

	2016	2015
	\$	\$
Cash flow from operating activities		
Loss and comprehensive loss	(2,524)	(3,421)
Items not affecting cash:		
Depreciation and amortization (note 6)	919	36
Deferred income tax recovery	(207)	(8)
Stock-based compensation	157	179
Reverse take-over listing fees	-	991
Inventory provision	381	244
Interest expense	394	71
Accretion expense	1,231	-
Changes in non-cash working capital (note 18)	(3,603)	(920)
Total cash utilized in operating activities	(3,252)	(2,828)
Cash flow from investing activities		
Cash used for business combination	-	(2,100)
Additions to property, plant and equipment	(150)	(231)
Additions to indefinite life intangible assets	(173)	-
Total cash utilized in investing activities	(323)	(2,331)
Cash flow from financing activities		
(Decrease) increase in bank overdraft	(998)	(141)
Warrants exercised	328	-
Proceeds from issuance of common shares, net	6,367	6,393
Proceeds from (repayment of) advances from related party, net (note 15)	(5,250)	(167)
(Repayment of) proceeds from loans payable	(1,958)	(1,045)
Advance from long term debt, net	5,485	-
Cash acquired from reverse take-over (note 5)	-	169
Interest paid	(399)	(50)
Total cash provided by financing activities	3,575	5,159
Increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of the period	-	-
Cash and cash equivalents, end of the period	-	-

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

GreenSpace Brands Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended December 31, 2016 and 2015

(unaudited)

(expressed in thousands of Canadian dollars, except per share and number of shares)

1. Nature of Operations

On April 13, 2015, Aumento Subco, a wholly-owned subsidiary of Aumento Capital IV Corporation (“Aumento” or the “Corporation”) and Life Choices Natural Foods Corp. (“Life Choices”) entered into a definitive agreement (the “Definitive Agreement”). Pursuant to the terms of the Definitive Agreement, on April 30, 2015, Life Choices, Aumento and Aumento Subco completed a three-cornered amalgamation (the “Amalgamation”) whereby Life Choices and Aumento Subco amalgamated to form a new entity named Life Choices Natural Food Corp. (referred to herein as “Amalco”). After the Amalgamation, the property of each of Life Choices and Aumento Subco became the property of Amalco, and Amalco became liable for the obligations of each of Life Choices and Aumento Subco. Amalco will continue to carry on the business and operations of Life Choices as a wholly-owned subsidiary of the Corporation.

Prior to closing the Amalgamation, the Corporation’s name was changed to GreenSpace Brands Inc.

GreenSpace Brands Inc. (“GreenSpace” or the “Company”) is an organic and natural food company whose principal business is to create natural food products and brands for sale into the Canadian natural food marketplace. The Company’s main brands include Life Choices Natural Foods, Rolling Meadow Dairy, Nudge, Kiwi Pure and Holistic Choice Pet Food.

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. (“Love Child”). Love Child is a Canadian-based producer of 100% organic food for infants and toddlers. Love Child’s mission is to bring to market only the purest, most natural and nutritionally-rich food, without the addition of any synthetic preservatives, refined sugars or other additives. Love Child’s products include organic purees in BPA-free squeezable pouches and an extensive infant and toddler organic snack range. Refer to note 6 for further details on the Love Child acquisition.

On February 25, 2016, the Company completed the 70% share acquisition of Central Roast Inc. (“Central Roast”). Central Roast is a leading all-natural functional snacks company that manufactures, markets, and distributes healthy snacks to major consumer retail customers in Canada. The acquisition strengthened the Company’s brand penetration with Canadian retail and distribution partners, provided extensive opportunities for increased penetration of existing product lines into the high velocity single serve snack category and into the new gas and convenience distribution channels. On October 7, 2016, as part of finalizing the terms on a new three year, \$7.5 million revolving senior secured asset based lending facility with Toronto-Dominion Bank the Company acquired the remaining 30% of the issued and outstanding shares of Central Roast. Refer to note 6 for further details on the Central Roast acquisition.

The Corporation was incorporated under the Ontario Business Corporations Act and domiciled in Ontario, Canada on June 11, 2013.

The head office of the Company is 176 St. George Street, Toronto, Ontario, Canada M5R 2M7.

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2. Basis of Presentation and Statement of Compliance

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended March 31, 2016. The condensed interim consolidated financial statements do not include all of the disclosures included in the annual audited consolidated financial statements and the notes thereto included in the Company’s audited consolidated financial statements for the year ended March 31, 2016.

These condensed interim consolidated financial statements were approved by the Company’s Board of Directors on February 8, 2017.

Going concern

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

As at December 31, 2016, the Company had working capital of \$4.9 million (March 31, 2016 - deficiency \$4.0 million), an accumulated deficit of \$12.6 million (March 31, 2016: \$10.0 million). During the nine month period ended December 31, 2016, the Company, as a result of numerous revenue opportunities invested significantly in working capital and as a result the Company generated negative cash flows from operations of \$3.2 million (2015: \$2.8 million). One of the Company’s strategic growth objectives is to be a consolidator in the Canadian natural and organic marketplace. In order to do so, the strategic decision was made by management to make the overhead investments in advance of the strategic acquisitions. Consequently, the current organizational structure allows the Company to expand and integrate a number of strategic acquisitions without significant incremental headcount additions. With the completion of both the Love Child and Central Roast acquisitions (see note 6), the Company has proven it has obtained the required revenue scale to more then cover those consolidated overhead costs and become profitable.

On October 7, 2016, the Company finalized the terms on a \$7.5 million revolving senior secured asset based lending facility with The Toronto-Dominion Bank. After closing the ABL Facility, the Company has now refinanced the majority of its short-term loan obligations under a long-term, cost effective borrowing facility.

On January 10, 2017, subsequent to December 31, 2016, the Company completed a bought deal offering of 7,085,417 shares for gross proceeds of \$8.5 million. The net proceeds will be used by the Company to finance the acquisition of all outstanding shares of Nothing But Nature Inc. and for working capital and general corporate purposes.

Management's continued strategy is to stay focused on increasing revenue and at the same time exercise careful cost control to sustain profitable operations in the near term. In the event that cash flow from operations, together with the proceeds from existing and any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations. There is material uncertainty that the Company will be able to maintain profitable operations or raise funds in the future. These factors raise significant doubt about

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the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

Basis of Measurement

These condensed interim consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Life Choices Natural Food Corp., Rolling Meadow Dairy Ltd., 1706817 Ontario Ltd., the Everyday Fundraising Group, Grandview Farms Sales Ltd., Love Child (Brands) Inc. and Central Roast Inc., from their respective dates of acquisition. All inter-company balances and transactions have been eliminated.

Accounting for Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of the assets transferred and liabilities assumed by the Company, liabilities incurred by the Company to former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognized in the statement of operations as incurred. At the acquisition date, the identifiable assets acquired, liabilities and contingent liabilities assumed are recognized at their fair values, except for deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 Income tax.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the statement of operations as a bargain purchase gain.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from these estimates. The effect of changes in such estimates on the condensed interim consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these condensed interim consolidated financial statements are:

Allowance for Doubtful Accounts: Management assesses the credit worthiness and the financial position of all customers to arrive at and provide for an allowance for doubtful accounts on receivables.

Provisions for Inventory: Management makes estimates of the future customer demand for the Company's products when establishing appropriate provisions for inventory. In making these estimates, management considers product life of inventory and the profitability of recent sales of inventory. In many cases, product sold by the Company turns over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures

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that systems are in place to highlight and properly value inventory that may be approaching “best before” dates. To the extent that actual losses on inventory differ from those estimated, both inventory and net loss will be affected.

Business Combinations: In a business combination: substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Intangible assets valuation: The values associated with intangible assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Company’s future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods. The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of recoverable amount involves management estimates.

Goodwill impairment: Goodwill is tested for impairment annual or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (customer relationships and non-compete agreement) and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the condensed consolidated statement of operations and comprehensive loss. The assessment of fair value requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have a significant impact on the consolidated financial statements. During the quarter ended December 31, 2016, the Company recognized no write-down of intangibles or impairment of goodwill.

4. Significant Accounting Policies

The Company’s accounting policies are set out in the Company’s annual consolidated financial statements for the year ended March 31, 2016 and were consistently applied to all the periods presented unless otherwise noted below.

(a) Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The amortization method, estimated useful lives and residual values are reviewed each financial year-end or more frequently if required, and are adjusted as appropriate.

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A summary of useful lives is as follows:

Customer relationships	8 - 10 years
Brand	Indefinite
Technology	Indefinite
Non-compete agreement	3 years

(b) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

(c) Future accounting policies

The International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) issued certain new standards, interpretations, amendments and improvements to existing standards, the standards that may be applicable to the Company are as follows:

IFRS 9 – Financial Instruments

In July 2014, the IASB issued in its final form IFRS 9 - Financial Instruments (IFRS 9) which replaces IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual Consolidated Financial Statements commencing January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

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IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases (IFRS 16), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019 with limited early application permitted. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The Company does not intend to adopt any of these standards before their respective effective dates.

5. Reverse Take-over Transaction (“RTO”)

On April 13, 2015, Aumento Subco, a wholly-owned subsidiary of Aumento and Life Choices entered into a Definitive Agreement. Pursuant to the terms of the Definitive Agreement, on April 30, 2015, Life Choices, Aumento and Aumento Subco completed a three-cornered amalgamation (the “Amalgamation”) whereby Life Choices and Aumento Subco amalgamated to form a new entity GreenSpace Brands Inc. (the “Qualifying Transaction”).

Pursuant to the terms of the Definitive Agreement, securities were exchanged as follows:

- Each outstanding Aumento common share was exchanged for 0.5 GreenSpace common shares (“Share Consolidation”);
- Each outstanding Aumento stock option was exchanged for 0.5 GreenSpace stock options
- Each outstanding common share of Life Choices was exchanged for 4.364521 GreenSpace common shares (“Share Split”);
- 804,650 GreenSpace common shares were issued to Aumento shareholders.

Concurrent Financing

Concurrent with the closing of the Qualifying Transaction, Life Choices completed a private placement of 3,897,059 common shares at a purchase price of \$1.36 per share, for gross proceeds of 5.3 million. The Share Split was completed prior to the closing of this private placement. The Company incurred cash transaction costs of \$0.4 million in this transaction. As part of this private placement, the Company also issued 262,501 agent options, exercisable over a period of two years, at an exercise price of \$1.36.

Accounting

Although the Qualifying Transaction resulted in the amalgamation of Aumento and Life Choices, the Qualifying Transaction constituted a reverse take-over of Aumento and has been accounted for as a reverse take-over transaction in accordance with guidance provided in IFRS 2 Share-based Payment and IFRS 3 Business Combinations. As

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Aumento did not qualify as a business according to the definition in IFRS 3, the reverse take-over transaction does not constitute a business combination; rather, it is treated as an issuance of shares by Life Choices for the net monetary assets of Aumento.

The net assets of Aumento received were as follows:

Cash	\$ 169
Total net assets acquired	\$ 169
Notional price paid for Aumento shares	\$ 1,094
Fair value of Aumento management options	46
Fair value of Aumento agent options	20
Total purchase price	\$ 1,160
Reverse take-over listing fee	\$ 991

As well, the Company incurred professional fees associated with the reverse take-over totalling \$nil during the three and nine month periods ended December 31, 2016 (2015 - \$111). These costs were non-recurring and were recorded as professional fees on the condensed consolidated interim statement of operations. The notional price paid for the Aumento shares was determined based on the estimated fair value of common shares upon closing of the RTO transaction and concurrent financing.

6. Business Combinations

(i) Acquisition of Love Child (Brands) Inc. (“Love Child”)

On October 19, 2015, the Company completed a share acquisition of 100% of the outstanding common shares of Love Child a Canadian-based producer of organic food for infants and toddlers.

The aggregate purchase price for Love Child was comprised of:

- \$2.1 million cash;
- \$1.3 million in GreenSpace common shares (“Common Shares”) issued at a price of \$1.05 per share;
- \$0.9 million in vendor take back notes (“LCO VTB Notes”) which initially had a term of 1 year and an interest rate of 9%. In conjunction with the LCO VTB Notes, holders received warrants exercisable for a total of 225,000 Common Shares (“LCO VTB Warrants”). The LCO VTB Warrants are exercisable for a period of one year at a price of \$1.00 per Common Share. The LCO VTB Warrants have been valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.52%, expected volatility of 43.6% and an expected life of one year. On the date of acquisition, the value attributed to the VTB Warrants was \$72 recognized in contributed surplus. As well, the LCO VTB Notes have been secured against the assets of the Company and Love Child. The LCO VTB Notes have been classified as loans from related parties on the consolidated statements of financial position.

On March 22, 2016, \$0.1 million of the LCO VTB Notes were repaid. The Company extended the term on the LCO VTB Notes to April 1, 2017 and in doing so incurred a 1.25% extension fee and the interest rate on LCO VTB Notes increased to 12% per annum immediately and 1.5% per annum every three months thereafter. The changes made to the LCO VTB Notes have been accounted for as a debt modification.

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On September 2, 2016, the balance of \$0.8 million were fully repaid with the closing of September Equity Financing.

- \$0.3 million in earn-out warrants exercisable for up to 714,286 Common Shares at a price of \$1.05 per share (“Earn-out Warrants”). These Earn-out Warrants are contingent on the Love Child gross revenue for the twelve month period ended September 30, 2017 exceeding certain revenue targets. On the date of acquisition the probability of Love Child achieving those revenue targets was set at 100% and the Earn-out Warrants were valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.52%, expected volatility of 43.6% and an expected life of two years. The value attributed to the Earn-out Warrants was \$232 recognized in contributed surplus;
- \$0.6 million in earn-out shares valued at up to \$0.8 million (“Earn-out Shares”), issuable after the financial results from the quarter-ended September 30, 2017 are publicly released. These Earn-out Shares are contingent on the Love Child gross revenue for the twelve-month period ended September 30, 2017 exceeding certain revenue targets. The issue price on the Earn-out Shares will be determined at the time of public dissemination of the September 30, 2017 quarter-end financial results based on the lower of i) the 5 day volume weighted average price (“VWAP”) of the Company’s common shares pre-announcement of the Love Child acquisition or ii) the 5 day VWAP of the Company’s Common Shares pre- public dissemination of the September 30, 2017 quarter-end consolidated financial results. On the date of acquisition, at March 31, 2016 and at December 31, 2016, the probability of Love Child achieving those gross revenue targets has been set at 100% and the Earn-out Shares have been discounted using a discount rate of 16% which represents the time value of money. The Earn-out Shares have been classified as other long-term liabilities on the consolidated statements of financial position;

In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The preliminary allocation of the purchase price to the estimated fair value of the net assets acquired is as follows:

Purchase price:	
Cash	\$ 2,100
Common Shares	1,250
LCO VTB Notes	810
LCO VTB Warrants	72
Earn-out Warrants	232
Earn-out Shares	557
Total purchase price	5,021

Fair Value of assets acquired and liabilities assumed:

Accounts receivable	\$ 581
Tax assets receivable	21
Inventory	1,462
Prepaid expenses	30
Property, plant and equipment	37
Bank indebtedness	(942)
Accounts payable and accrued liabilities	(1,131)
Promissory note	(750)
Loans payable	(156)
Total net assets acquired and liabilities assumed	(848)
Fair value of intangible assets	

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Customer relationships (note 7)	1,360
Brand (note 7)	1,730
Product recipes (note 7)	200
Deferred tax liability	(360)
Fair value of goodwill	\$ 2,939

The Company finalized its assessment of the purchase price allocation during the quarter ended September 30, 2016. The allocation of the consideration paid remains consistent with the initial valuation. Intangible assets of customer relations, brand name, product recipes and goodwill have been separately accounted for. Customer relations is being amortized over a useful life of 8 years and brand name and product recipes have been identified as indefinite life intangible assets. The acquired goodwill is primarily related to personnel and value attributed to acquiring a company that is experiencing accelerated growth. A deferred tax liability of \$360 was set up to account for the temporary differences on amortization of the identified intangible assets using an expected tax rate of 26.5%.

The prior period net loss was adjusted for additional amortization expense of \$70 related to the purchase price allocation to intangible assets and income tax recovery of \$38 for the reduction of deferred tax liabilities due to amortization of intangible assets.

On March 22, 2016, the Love Child Promissory note of \$0.8 million was repaid and the general security agreement on the Love Child assets was consequently released.

Financing for the acquisition was completed using cash from the Company and a private equity placement.

(ii) Acquisition of Central Roast Inc. (“Central Roast”)

On February 25, 2016, the Company completed a share acquisition of 70% of the outstanding common shares of Central Roast a leading, Canadian-based, all-natural functional snack company that manufactures, markets, and distributes healthy snacks through the major retail channels in Canada.

The aggregate purchase price for Central Roast was comprised of:

- \$7.5 million cash;
- \$3.0 million in GreenSpace units (“Unit Consideration”). Each Unit consisting of one common share in the capital of GreenSpace issued at a price of \$0.90 per share and one-half of one common share purchase warrant (“Unit Warrant”), with each whole Unit Warrant entitling the holder to purchase one Common Share at a price of \$1.20 per share until February 25, 2019. The Unit Warrants have been valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.43%, expected volatility of 42.7% and an expected life of three years. On the date of acquisition, the value attributed to the Unit Warrants was \$256 recognized in contributed surplus;
- \$0.2 million vendor take back note (“CR VTB”). The CR VTB is unsecured, non-interest bearing and repayable over twelve monthly installments from the closing of the Central Roast acquisition. The CR VTB has been discounted using a discount rate of 16% which represents the time value of money and it has been classified as a loan from related parties on the consolidated statements of financial position;
- The share purchase agreement contained a net working capital settlement whereby any difference between the net working capital acquired and a target net working capital balance needed to be settled between the former shareholders of Central Roast and the Company (“Net Working Capital Settlement”). On the date of acquisition,

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the Net Working Capital Settlement resulted in a payable of \$293 which has been classified as a loan from related parties on the consolidated statements of financial position;

- Earn-out consideration valued at up to \$1.3 million (“Earn-out Consideration”). The Earn-out Consideration are contingent on the annualized gross revenue for the three month period ended March 25, 2017 exceeding certain revenue thresholds. The first \$0.5 million of the Earn-out Consideration will be settled in cash and any remainder in common shares valued at the 20 trading day volume weighted average price prior to issuance. On the date of acquisition and at December 31, 2016, the probability of Central Roast achieving those gross revenue targets has been set at 100%. The Earn-out Consideration has been discounted using a discount rate of 16% which represents the time value of money and it has been classified as loan from related parties on the consolidated statements of financial position;
- \$3.8 million in Deferred Consideration (“Deferred Consideration”). The Company and the former shareholders of Central Roast have entered into a mandatory purchase agreement to acquire the remaining 30% of the Central Roast outstanding common shares on or before March 25, 2017. The Deferred Consideration has been discounted using a discount rate of 16%, which represents the time value of money, and it has been classified as loan from related parties on the consolidated statements of financial position. The Deferred Consideration will be settled with:
 - \$3.6 million in cash;
 - \$0.8 million in common shares, each common shares valued at the 20 trading day volume weighted average price prior to issuance; and
 - \$0.1 million in warrants with the same terms as the Unit Warrant, valued at the volume weighted average price of the Unit Warrants for 20 consecutive trading days prior to the date of issuance.

\$1.6 million of the Deferred Consideration has been secured by a personal guarantee from the Company’s Chief Executive Officer (“CEO”). The Deferred Consideration has been discounted using a discount rate of 16% which represents the time value of money and has been classified as a loan from related parties on the consolidated statements of financial position;

On September 2, 2016, \$1.1 million of the Deferred Consideration was repaid with the closing of September Equity Financing.

With the closing of ABL Facility (Note 13) on October 7, 2016, the remainder of the Deferred Consideration was repaid as follows:

- \$2.1 million in cash;
- \$0.4 million of the cash repayment was settled with issuance of 337,622 shares valued at the volume weighted average price of the shares for 20 consecutive trading days prior to the date of issuance.
- \$0.8 million of common shares settled with the issuance of 668,492 shares valued at the volume weighted average price of the shares for 20 consecutive trading days prior to the date of issuance.
- \$0.1 million of unit warrant was repaid in cash

An accelerated accretion expense of \$222 and \$589 was recognized within the consolidated statement of operations and comprehensive loss for the three and nine month period ended December 31, 2016 respectively (2015: \$nil).

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In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The preliminary allocation of the purchase price to the estimated fair value of the net assets acquired is as follows:

Purchase price:	
Cash	\$ 7,500
Unit Consideration	3,000
CR VTB1	230
Net Working Capital Settlement	293
Earn-out Consideration	1,262
Deferred Consideration	3,834
Total purchase price	16,119

Fair Value of assets acquired and liabilities assumed:

Accounts receivable (net allowance of \$102)	\$ 1,984
Inventory	1,163
Prepaid expenses	43
Property, plant and equipment	443
Bank indebtedness	(735)
Accounts payable and accrued liabilities	(1,834)
HST payable	(64)
Loan from related parties (note 15)	(793)
Loan payable – TD Equipment Finance (note 12)	(133)
Total net assets acquired and liabilities assumed	74
Fair value of intangible assets	
Customer relationships (note 10)	6,430
Brand (note 10)	4,050
Non-compete (note 10)	680
Deferred tax liability	(1,884)
Fair value of goodwill	\$ 6,769

The Company finalized its assessment of the purchase price allocation during the quarter ended December 31, 2016. The allocation of the consideration paid remains consistent with the initial valuation. Intangible assets of customer relations, brand name, non-compete and goodwill have been separately accounted for. Customer relations is being amortized over a useful life of 10 years, non-compete is being amortized over a useful life of 3 years and brand name has been identified as an indefinite life intangible asset. The acquired goodwill is primarily related to personnel and value attributed to acquiring a company that is experiencing accelerated growth. A deferred tax liability of \$1,884 was set up to account for the temporary differences on amortization of the identified intangible assets using an expected tax rate of 26.5%.

The prior period net loss was adjusted for additional amortization expense of \$72 related to the purchase price allocation to intangible assets and income tax recovery of \$19 for the reduction of deferred tax liabilities due to amortization of intangible assets.

Financing for the acquisition was completed through a short-form prospectus.

The Company retains full economic benefit of Central Roast from the date of acquisition and consequently there is no proportionate allocation of post-acquisition profit and loss to the non-controlling partners.

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7. Discontinued Operations

In October 2016, the Company exited the United States (US) business carried on by Love Child. The operating results of the US business of Love Child have been presented as a discontinued operation.

The following table summarizes the operations of the US business of Love Child as classified as discontinued operations for the three and nine month period ended December 31, 2016:

	Three month period ended December 31, 2016	Three month period ended December 31, 2015	Nine month period ended December 31, 2016	Nine month period ended December 31, 2015
	\$	\$	\$	\$
Net revenue	52	107	108	107
Cost of goods sold	288	136	362	136
Gross profit	(236)	(29)	(254)	(29)
Expenses	160	185	249	185
Loss from discontinued operations, net of tax.	(396)	(214)	(503)	(214)
Loss attributed to common shareholders	(396)	(214)	(503)	(214)

Due to the accumulated net losses there is no income tax expense recorded in respect of the discontinued operations.

The US business of Love Child had current assets of \$nil as at December 31, 2016 (March 31, 2016 - \$53) and current liabilities of \$64 as at December 31, 2016 and \$nil March 31, 2016. It did not have any non-current assets. These amounts have been treated as a disposal group for the US business, but have not been classified as held-for-sale because their carrying amount will be principally recovered through continuing use, being the collection of cash and receivables, disposition of inventory and the settlement of liabilities.

The following table summarizes the net cash flows attributable to the discontinued operations for the nine-month period ended December 31, 2016 and 2015:

	Nine month period ended December 31, 2016	Nine month period ended December 31, 2015
	\$	\$
Cash flows from operations	(183)	(214)
Cash flows from financing activities	-	-

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8. Inventory

Inventory consists of:

	December 31 2016 \$	March 31 2016 \$
Raw materials	400	61
Packaging	853	1,046
Finished goods	3,843	2,372
Total	5,096	3,479

Included in cost of goods sold is a provision for inventory amounting to \$141 for the three month period ended December 31, 2016 (2015 - \$123) and \$381 for the nine month period ended December 31, 2016 (2015 - \$255).

The amount of inventory recognized as an expense in cost of goods sold was \$6,868 for the three month period ended December 31, 2016 (2015 - \$2,346) and \$19,499 for the nine month period ended December 31, 2016 (2015 - \$5,001).

9. Property, Plant and Equipment

	Furniture and equipment	Leasehold improvements	Computer equipment	Software	Fixture at customer locations	Printing and production plates	Warehouse equipment	Total
Cost								
Balance, March 31, 2016	285	70	48	31	19	117	421	991
Additions	61	14	33	-	18	19	10	155
Disposals	-	(26)	(1)	-	-	-	-	(27)
Balance, December 31, 2016	346	58	80	31	37	136	431	1,119
Accumulated depreciation								
Balance, March 31, 2016	27	45	30	20	5	36	112	275
Depreciation for the year	47	5	17	3	5	14	47	138
Disposals	-	(20)	-	-	-	-	-	(20)
Balance, December 31, 2016	74	30	47	23	10	50	159	393
Net book value								
Balance, March 31, 2016	258	25	18	11	14	81	309	716
Balance, December 31, 2016	272	28	33	8	27	86	272	726

Depreciation expense charged to the condensed interim consolidated statements of loss and comprehensive loss for the three and nine months ended December 31, 2016 was \$50 and \$139 respectively (2015: three and nine months - \$7).

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10. Intangible Assets

	Customer Relationship	Brand	Technology	Non-Compete Agreement	Total
Cost					
Balance, March 31, 2016	7,790	5,780	200	680	14,450
Additions	-	173	-	-	173
Balance, December 31, 2016	7,790	5,953	200	680	14,623
Accumulated amortization					
Balance, March 31, 2016	124	-	-	19	143
Amortization for the period	610	-	-	170	780
Balance, December 31, 2016	734	-	-	189	923
Net book value					
As at March 31, 2016	7,666	5,780	200	661	14,307
As at December 31, 2016	7,056	5,953	200	491	13,700

11. Bank Overdraft

At March 31, 2015, the Company had a revolving credit facility that allowed the Company to borrow up to \$0.3 million in principal and was secured by a general security agreement from the Company. The Company's Chief Executive Officer ("CEO") provided a personal guarantee and provided his personal residence as collateral for the overdraft facility. The facility was repayable on demand bearing interest at 3.0% per annum.

After completing the Qualifying Transaction (note 5), the Company entered into a new revolving credit facility, which allowed the Company to borrow up to \$0.5 million in principal, secured by a general security agreement over the assets of the Life Choice Natural Foods operating division. The facility was payable on demand and had an interest rate of prime plus 1.75% per annum.

On October 14, 2015, the \$0.5 million overdraft facility was amended to allow the Company to borrow up to the lower of: i) \$0.75 million or ii) 75% of accounts receivable aged less than 90 days plus 15% of inventory up to \$0.15 million. The amended facility continued to be payable on demand and continued to bear interest at a prime borrowing rate plus 1.75% per annum. On August 17, 2016, the Bank extended the overdraft facility to allow the Company to borrow up to \$0.95 million.

On February 25, 2016, as part of the acquisition of Central Roast, the Company acquired a revolving credit facility which allowed the Company to borrow up to the lower of: i) \$0.9 million or ii) 75% of accounts receivable aged less than 90 days. The acquired overdraft facility is secured by a general security agreement over the assets of the Central Roast operating division, is payable on demand and bears interest at a prime borrowing rate plus 1% per annum. The credit facility also includes an additional \$0.1 million in credit by way of TD Visa. The Bank has also provided a U.S. exchange contract permitting the Company to buy foreign contracts of \$0.2 million per day to a maximum of \$1 million at any given time. The contract does not require the Company to pay any upfront or collateral fees.

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At March 31, 2016, \$1 million was drawn on these consolidated revolving credit facilities and this balance has been classified as bank overdraft on the consolidated statements of financial position.

Upon closing the ABL Facility on October 7, 2016, all the revolving credit facilities were replaced by the ABL Facility.

12. Loans Payable

	December 31 2016	March 31, 2016
<u>BDC Loans</u>		
BDC loan payable, interest at BDC's floating base rate plus 1% per annum, repayable in payments of principal of \$1,040 monthly plus interest (payable monthly), maturing November 2018	24	33
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayable in payments of principal of \$1,675 monthly plus interest (payable monthly), maturing February 23, 2019	54	69
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayable in payments of principal of \$1,050 monthly plus interest (payable monthly), maturing February 23, 2022	71	81
Bridge Loan (net fees)	-	1,578
TD Equipment Finance	108	131
	257	1,892
Less amounts due within one year	71	1,649
Loans payable - non-current	186	243

Bridge Loan

On March 22, 2016, the Company entered into a loan agreement with a syndicate of lender for gross proceeds of \$1.9 million. (the "Bridge Loan"). The Bridge Loan is primarily secured by a general security agreement over the assets of the Love Child operating division. The Bridge Loan bears interest at a rate of 12% per annum and the loan is repayable on or before March 23, 2017.

In connection with the Bridge Loan, the Company incurred transaction costs totaling \$0.1 million, issued 126,667 common shares in the Company at a price of \$0.70 per share and an aggregate of 1,520,000 non-transferable warrants ("Bridge Loan Warrants"). The Bridge Loan Warrants entitle the holders to acquire one common share of the Company at a price of \$0.85 per share for a period of one year. The transaction costs and costs associated with the issuance of the common shares and Bridge Loan Warrants totalled \$0.3 million and these costs are being amortized as interest expense over the one-year term of the facility.

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The Bridge Loan was repaid on September 2, 2016 with the closing of the September Equity Financing. An accelerated accretion expense on the capitalized costs of \$nil and \$0.3 million was recognized within the consolidated statement of operations and comprehensive loss for the three and nine month period ended December 31, 2016 respectively (2015: \$nil).

TD Equipment Finance

As part of the acquisition of Central Roast the Company retained a leasing loan agreement with TD Equipment Finance. The machinery lease contract is repayable in monthly instalments of \$2, includes interest calculated at 3.85% and matures on August 15, 2020.

BDC Loans

On June 24, 2014 the Company entered into two loan payables with the Business Development Bank of Canada ("BDC") for a total of \$0.15 million. The first loan payable was for \$0.05 million bearing interest at the BDC's floating base rate plus 1% per annum and matures in November 2018. The second loan payable was for \$0.1 million bearing interest at the BDC's floating base rate plus 3.25% per annum. On April 20, 2015, proceeds from the Concurrent Financing were used to repay the second loan payable with BDC, which had an outstanding balance of \$92 on the date of repayment.

As part of the acquisition of Love Child (note 6), the Company acquired two additional BDC loans. The first acquired BDC loan was for \$0.1 million bearing interest at BDC's floating base rate plus 3% per annum, interest payable monthly and the loan matures on February 23, 2019. The second acquired BDC loan was again for \$0.1 million bearing interest at BDC's floating base rate plus 3% per annum, interest payable monthly and the loan matures on February 23, 2022.

The Company is in the process of consolidating all of its BDC loans. The loans are presently secured by a personal guarantee from the Company's Chief Executive Officer ("CEO").

The required future principal repayments are as follows:

2017	71
2018	71
2019	52
2020	39
2021	16
Thereafter	8
	<hr/>
	257

13. Long Term Debt

On October 7, 2016, the Company finalized the terms on a \$7.5 million revolving senior secured asset based lending facility with The Toronto-Dominion Bank ("ABL Facility"). The ABL Facility has a three-year term.

The Company incurred a total of \$0.1 million in transaction costs related to the ABL Facility. All transaction costs are being amortized to net earnings as interest expense over the three-year term. The maximum availability under the ABL facility is subject to a borrowing base calculation determined as a percentage of the Company's accounts receivable, inventory less priority payables and availability reserves. The ABL Facility is secured by substantially all of the assets

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of the Company and contains a standard fixed charge coverage financial covenant of 1.1:1. At December 31, 2016 the Company was in compliance with this financial covenant.

Proceeds from the new facility were used to complete the acquisition of the remaining 30% of the issued and outstanding shares of Central Roast Inc. ("Central Roast"), making Central Roast a wholly-owned subsidiary of GreenSpace.

After closing the ABL Facility, the Company refinanced the majority of its short-term loan obligations under a long-term, cost effective borrowing facility. Remaining initial proceeds from the new ABL Facility were used to finance working capital and capacity is still available to assist in financing future acquisitions.

14. Share Capital

(a) Authorized: Unlimited number of common shares

Common shares issued and fully paid:

	Number	Amount \$
Balance at March 31, 2015	3,369,415	3,616
Share Split (note 5)	11,336,470	-
Share issuance in RTO (note 5)	804,650	1,094
Shares issued for business combinations (note 6)	4,523,809	3,993
Shares issued upon private placement (i)	5,771,467	7,138
Shares issued from short form prospectus (ii)	9,917,184	8,164
Shares issued from debt financing (note 11)	126,667	89
Share issuance costs (iii)	-	(1,611)
Balance at March 31, 2016	35,849,662	22,483
Shares issued from short form prospectus (ii)	6,210,000	7,017
Shares issued for repayment of loan from related parties (iv)	1,006,114	1,192
Exercise of warrants (note 14 (d)(vii))	350,000	405
Share issuance costs (iii)	-	(650)
Balance at December 31, 2016	43,415,776	30,447

(i) On April 30, 2015, in closing its Qualifying Transaction, Life Choices completed a private placement of 3,897,059 common shares at a purchase price of \$1.36 per share, for gross proceeds of \$5.3 million.

On October 19, 2015, in closing its Acquisition of Love Child, the Company completed its first tranche of a private placement of 1,010,456 units. Each unit had a value of \$1.05 per unit and consisted of one common

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share and one quarter of one common share purchase warrant. The Company raised gross proceeds of \$1.0 million through the first tranche of the private placement. In addition, the Company issued 252,616 warrants as part of its first tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. These warrants were fair valued at \$0.08 million (see note 14(d)).

On November 20, 2015, the Company completed its second tranche of private placement for an additional 863,952 units. Through the second tranche the Company raised gross proceeds of \$0.9 million. In addition, the Company issued 215,989 warrants as part of its second tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. These warrants were fair valued at \$0.05 million (see note 14(d)).

- (ii) On February 25, 2016, in closing its Acquisition of 70% of the shares of Central Roast Inc., the Company completed a short form prospectus of 9,917,184 units of GreenSpace at a purchase price of \$0.90 per unit. Each unit consists of one common share and one half of one common share purchase warrant, for gross proceeds of \$8.9 million. Each whole Warrant entitles the holder to purchase one Common Share at a price of \$1.20 per share until February 25, 2019. The warrants were fair valued at \$0.8 million (see note 14(d)).

On September 2, 2016, the Company completed a bought deal short form prospectus offering ("September Equity Financing") of 6,210,000 common share at an issue price of \$1.13 per share for aggregate gross proceeds of \$7.0 million.

- (iii) On April 30, 2015, in closing its Qualifying Transaction, the Company incurred cash transaction costs of \$0.4 million and also issued 262,501 agent options which were fair valued at \$0.2 million (see note 14(c)(iii) below).

On October 19, 2015, in closing its first tranche of private placement, the Company incurred cash transaction costs of \$0.07 million and also issued 20,556 broker warrants which were fair valued at \$6 (see note 14(d))

On November 20, 2015, in closing its second tranche of private placement, the Company incurred cash transaction costs of \$72 and also issued 7,244 warrants which were fair valued at \$2 (see note 14(d))

On February 25, 2016, in consideration for the services of the Underwriters in connection with the Offering, GreenSpace paid a cash commission of \$0.5 million and issued 487,321 broker warrants fair valued at \$0.09 million (see note 14(d)), with each broker warrant exercisable by the holder thereof into one Common Share at a price of \$0.90 until February 25, 2018. In addition, 45,878 Units fair valued at \$4 (see note 14(d)) were issued as part of an advisory fee owing in relation to the Offering and cash commissions of \$83, of which \$41 was a payable as of March 31, 2016. In closing its short form prospectus, the Company incurred professional fees for \$0.4 million, of which \$0.2 million was settled with units.

On September 2, 2016, the Company paid \$0.4 million to the Underwriters for their services and \$0.2 million paid to legal counsels for completion of the September Equity Financing.

- (iv) On October 7, 2016, the Company issued \$1.2 million in 1,006,114 common shares based on the 20 day volume weighted average trading price ("VWAP") as part of the settlement of the Deferred Consideration for acquisition of the remaining interest of Central Roast. See Note 6.

(b) Escrowed Shares:

On April 30, 2015, immediately prior to completing its Qualifying Transaction, the Company had 10,032,837 issued and outstanding common shares held in escrow pursuant to the requirements of a Tier 1 TSX Venture Exchange issuer, 25% of the escrowed securities were released on April 30, 2015, at the time of the Final

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Exchange Bulletin announcing the Qualifying Transaction and 25% of the escrowed securities will continue to be released in 6 month increments thereafter.

As of December 31, 2016, all escrows shares were released and no more common shares held in escrow.

(c) Stock options:

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Company's Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire within one year thereafter.

Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options:

	Number of stock options	Exercisable stock options	Weighted average exercise price (\$)	Weighted average contractual life remaining
Balance, March 31, 2015	-	-	-	-
Aumento Management Options (i)	80,464	80,464	\$1.20	1.75
Aumento Agent Options (ii)	50,715	50,715	\$1.20	-
Granted Broker Options (iii)	262,501	262,501	\$1.36	0.58
Granted to Directors (iv)	482,353	160,784	\$0.96	8.65
Granted to Management (v)	548,826	81,088	\$0.92 - \$0.99	9.05 – 8.81
Expiry of Aumento Agent Options (ii)	(50,715)	(50,715)	\$1.20	-
Granted Agent Options (vi)	55,000	55,000	\$1.24	2.05
Balance, March 31, 2016	1,429,144	639,837	\$1.06	6.94
Expiry of Aumento Management Options (i)	(40,232)	(40,232)	\$1.20	-
Granted Employees Options (vii)	292,116	-	\$0.96	8.73
Balance, December 31, 2016	1,681,028	599,605	\$1.04	6.89

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- (i) On September 16, 2013, the Corporation granted options to members of Aumento management. After the Qualifying Transaction and Share Consolidation, members of Aumento management had 80,464 options transferred over to the Company. The options transferred were fully vested and were exercisable over a period of one year at an exercise price of \$1.20 per share. The options were revalued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of one year. The value attributed to the 80,464 options was \$46 recognized in contributed surplus. 40,232 options expired on April 30, 2016 with none of the options exercised. Remainder of the options will expire September 16, 2018.
- (ii) On September 16, 2013, the Corporation granted Agent options to its IPO Agent. After the Qualifying Transaction and Share Consolidation, Aumento's IPO Agent had 50,175 options transferred over to the Company, which were exercisable before September 16, 2015 at an exercise price of \$1.20 per share. The options were revalued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 0.4 years. The value attributed to the 50,715 options was \$20 recognized in contributed surplus. These options expired on September 16, 2015 with none of the options exercised.
- (iii) On April 30, 2015, the Agent of the Life Choices private placement were granted 262,501 broker options to acquire common shares at an exercise price of \$1.36 per share for a period of 24 months. All options fully vested on the date of grant. The options were valued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 2 years. The value attributed to the 262,501 broker options was \$187 recognized in contributed surplus.
- (iv) On May 15, 2015, the Company granted 482,353 options to acquire common shares to its Board of Directors. The Board options vested over a period of three years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.25%, expected volatility of 41.1% and an expected life of 5 to 7 years. The value attributed to the 482,353 Board options was \$276 and these options are being expensed using a graded vesting method over the three-year vesting period.
- (v) On May 15, 2015, the Company granted 381,250 options to acquire common shares to its management team. The management options vested over a period of five years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates between 1.25%, expected volatility of 42.9% and an expected life of 5 to 8 years. The value attributed to the 381,250 management options was \$231 and these options are being expensed using a graded vesting method over the five-year vesting period.

On July 22, 2015, the Company granted 24,194 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of \$0.99 per share and are exercisable within ten years from the date of grant. The options were valued on July 22, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.5%, expected volatility of 42% and an expected life of 5 to 8 years. The value attributed to the 24,194 management options was \$15 and these options are being expensed using a graded vesting method over the five-year vesting period.

On October 19, 2015, the Company granted 106,618 options to acquire common shares to its new employees that recently joined from the acquisition of Love Child (note 6). These options vested over a

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period of five years, have an exercise price of \$0.92 per share and are exercisable within ten years from the date of grant. The options were valued on October 19, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.22%, expected volatility of 42% and an expected life of 5 to 8 years. The value attributed to the 106,618 management options was \$61 and these options are being expensed using a graded vesting method over the five-year vesting period.

On November 25, 2015, the Company granted 36,764 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on November 25, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.5%, expected volatility of 42% and an expected life of 5 to 8 years. The value attributed to the 36,764 management options was \$19 and these options are being expensed using a graded vesting method over the five-year vesting period.

(vi) On October 19, 2015, Agent of the Company were granted 55,000 agent options to acquire common shares at an exercise price of \$1.24 per share for a period of 36 months. The options were valued on October 19, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.5%, expected volatility of 43% and an expected life of 2 to 3 years. The value attributed to the 55,000 agent options was \$15 recognized in contributed surplus.

(vii) On June 21, 2016, the Company's Board of Directors granted 236,000 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on June 21, 2016, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.04%, expected volatility of 41% and an expected life of 5 to 8 years. The value attributed to the 236,000 options was \$102 and these options are being expensed using a graded vesting method over the five-year vesting period.

On July 27, 2016, the Company's Board of Directors granted 12,000 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on July 27, 2016, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 0.89%, expected volatility of 41% and an expected life of 5 to 8 years. The value attributed to the 12,000 options was \$6 and these options are being expensed using a graded vesting method over the five-year vesting period.

On November 9, 2016, the Company's Board of Directors granted 44,116 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of \$0.96 per share and are exercisable within ten years from the date of grant. The options were valued on November 9, 2016, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 0.94%, expected volatility of 41% and an expected life of 5 to 8 years. The value attributed to the 44,116 options was \$25 and these options are being expensed using a graded vesting method over the five-year vesting period.

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(d) Warrants:

The following table reflects the continuity of warrants:

	Number of warrants	Exercisable warrants	Value \$	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (year)
March 31, 2015	-	-	-	-	-
Warrants issued to complete private placement (i)	468,605	468,605	131	1.20	0.84
Warrants issued to brokers (ii)	27,800	27,800	8	1.20	1.03
Warrants issued for acquisition (iii)	2,380,952	1,666,666	488	1.15	2.07
Vendor take back warrants (iv)	225,000	225,000	72	1.00	0.24
Warrants issued from short form prospectus (v)	5,468,853	5,468,853	859	1.17	2.06
Warrants issued from debt financing (vi)	1,520,000	1,520,000	134	0.85	0.23
Balance as of March 31, 2016	10,091,210	9,376,924	1,692	1.12	1.57
Warrants exercised (iv), (vi)	(350,000)	(350,000)	(78)	0.85	-
Balance as of December 31, 2016	9,741,210	9,026,924	1,614	1.12	1.57

- (i) In October 19, 2015, the Company issued 252,616 warrants as part of its first tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. The warrants were valued at \$78 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

On November 19, 2015, the Company issued 215,989 warrants as part of its second tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. The warrants were valued at \$53 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

- (ii) On October 19, 2015, the Company issued 20,556 broker warrants as part of its first tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. The warrants were valued at \$6 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

On November 19, 2015, the Company issued 7,244 warrants as part of its second tranche of private placement. These warrants are exercisable at a price of \$1.20 per share for a period of 24 months. The warrants were valued at \$2 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

- (iii) On October 19, 2015, the Company issued 714,286 Earn-out Warrants as part of its acquisition of Love Child (note 6). These warrants are exercisable at a price of \$1.05 per share for a period of 24 months. The warrants were valued at \$232 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

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On February 25, 2016, the Company issued 1,666,666 warrants as part of its acquisition of Central Roast (note 6). These warrants are exercisable at a price of \$1.20 per share for a period of 3 years. The warrants were valued at \$256 using the Black-Scholes pricing model with the following assumptions: expected life of 3 years, risk-free rate of 0.43%, expected dividend yield of 0% and expected volatility of 42.7%.

- (iv) On October 19, 2015, the Company issued 225,000 VTB Warrants as part of its acquisition of Love Child (note 6). These warrants are exercisable at a price of \$1.00 per share for a period of 12 months. The warrants were valued at \$72, using the Black-Scholes pricing model with the following assumptions: expected life of 1 year, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%. 200,000 of these VTB Warrants were exercised on October 12, 2016.
- (v) On February 25, 2016, in closing its short form prospectus, the Company issued:
- 4,981,532 warrants exercisable at a price of \$1.20 per share for a period of 3 years. The warrants were valued at \$765 using the Black-Scholes pricing model with the following assumptions: expected life of 3 years, risk-free rate of 0.43%, expected dividend yield of 0% and expected volatility of 42.7%.
 - 487,321 warrants exercisable at a price of \$0.90 per share for a period of 2 years. The warrants were valued at \$94 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.43%, expected dividend yield of 0% and expected volatility of 44.0%.
- (vi) On March 23, 2016, the Company issued 1,520,000 warrants as part of its debt financing agreement (note 12). These warrants are exercisable at a price of \$0.85 per share for a period of 1 year. The warrants were valued at \$134 using the Black-Scholes pricing model with the following assumptions: expected life of 1 year, risk-free rate of 0.49%, expected dividend yield of 0% and expected volatility of 41.3%.

In August 2016, 65,000 of these warrants were exercised. In November 2016, 85,000 of these warrants were exercised.

15. Related Party Balances and Transactions

The Company has a lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of \$76 and \$41 respectively for the nine month periods ended December 31, 2016 and 2015.

The Company has an outstanding balance of \$0.2 million at December 31, 2016 (March 31, 2016 - \$0.2 million) due to the CEO included in accounts payable and accrued liabilities. These amounts relate to unpaid compensation, accordingly, there are no specified repayment terms and this amount does not bear interest.

The Company purchases raw materials for the production of its finished products through a meat broker whose principal is also a shareholder of our Company. At December 31, 2016, \$0.4 million (March 31, 2016 - \$0.2 million) was due to that meat broker. The balance was included in accounts payable and accrued liabilities. For the three and nine months ended December 31, 2016 total purchases from that meat broker amounted to \$0.7 million and \$1.3 million respectively (2015 - \$nil- three months, \$0.4 million – nine months). These purchases of raw materials are on an arm's length commercial terms and do not bear interest.

The Company has made a number of purchases for an unrelated company controlled by a common shareholder. The purchases are completed on arm's length commercial terms and are expected to be repaid within the upcoming fiscal year. At December 31, 2016, \$38 was owed by the unrelated company controlled by a common shareholder (March 31, 2016 – \$38). The amount owed is non-interest bearing with no specified terms of repayment.

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On March 2, 2015, the Company issued a promissory note to a shareholder for proceeds of \$0.5 million. The promissory note bore interest at 12.0% per annum and matures the earlier of May 30, 2015 or 5 business days subsequent to the completion of the Qualifying Transaction private placement. The principal promissory note and accrued interest were repaid on May 5, 2015 subsequent to the completion of the private placement associated with the Qualifying Transaction.

On December 18, 2015, the Company issued a promissory note to a shareholder for proceeds of \$0.4 million. The promissory note bears interest at 10.0% per annum, had a 1% placement fee and initially matured the earlier of June 30, 2016 or 10 business days subsequent to the completion of any equity financing. On February 25, 2016, the repayment term on the promissory note was extended by the current shareholder to April 1, 2017. On June 29, 2016, the Company issued a second promissory note to the same shareholder for proceeds of \$0.2 million. This second promissory note, similar to the first, bears interest at 10.0% per annum, had a 1% placement fee and was initially expected to mature on April 1, 2017. On October 17, 2016, in exchange for an extension of the repayment term to October 1, 2017, these two outstanding promissory notes became convertible debt loans which provided the shareholder the ability to convert any portion of the loan principle into common shares of the Company at a price of \$1.15 per common share.

As part of the acquisition of Central Roast (see note 6(ii)), the Company acquired two loans totaling \$0.9 million to the former shareholders of Central Roast who, through the acquisition, became shareholders in the Company. These shareholder loans bear interest at 8% per annum, payable monthly and mature on April 1, 2017. These two acquired loans have been secured against assets of the Company along a personal guarantee from the Company's Chief Executive Officer ("CEO"). These related party loans were repaid and the CEO's personal guarantee released after completing the September Equity Financing.

Key management includes the Company's directors and officers. Compensation awarded to key management includes a salary, stock based compensation and director fees. The following table presents key management compensation:

(Expressed in thousands of Canadian dollars)	Three month period ended		Nine month period ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Salary and director fees	\$165	\$211	\$508	\$587

16. Commitments and Contingencies

Commitments

The Company has a non-material vehicle lease agreement expiring in January 2019.

On June 23, 2015, the Company also issued a stand-by letter of credit for \$161,122 U.S. dollars from a Canadian financial institution to one of its U.S. suppliers as security. On October 26, 2015, that stand-by letter of credit was returned by the U.S supplier and cancelled by the Canadian financial institution.

On July 4, 2016, the Company entered into a 10-year lease agreement for a 50,000 square foot warehouse facility. The lease agreement commences on November 1, 2016 and the space will be sufficient to accommodate the current year inventory build as a result of new revenue opportunities and the new facility also gives the Company adequate space for growth. The new leased facility has an annual rent of \$0.4 million.

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In October 2016, under its new ABL Facility, the Company issued a stand-by letter of credit for \$0.2 million to one of its Canadian suppliers for extended credit terms.

Contingencies

The Company may become involved in certain claims and litigation arising out of the ordinary course and conduct of business where certain claims are made against or by the Company. Management assesses such claims and, if they are considered likely to result in a loss and the amount of loss is quantifiable, provisions for loss are made, based on management's assessment of the most likely outcome. Management does not provide for claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated or where the litigation may result in a contingent gain.

17. Expenses by Nature

	3 months ended December 31, 2016	3 months ended December 31, 2015	9 months ended December 31, 2016	9 months ended December 31, 2015
Raw materials and consumables used	6,868	2,346	19,500	5,001
Storage and delivery	564	222	1,118	416
Salaries and benefits	693	475	2,214	1,159
Advertising and promotion	59	168	684	456
Professional fees	149	282	362	554
Stock-based compensation	42	63	157	179
Amortization of intangible assets	260	28	780	28
Reverse take-over listing fee	-	-	-	991
Other expenses	566	114	1,770	360
	9,201	3,697	26,585	9,144

18. Changes in Non-Cash Working Capital

	9 months ended December 31, 2016	9 months ended December 31, 2015
HST receivable	64	(21)
Accounts receivable	(1,646)	(836)
Prepaid expenses	(17)	(27)
Inventory	(1,998)	(430)
Accounts payable and accrued liabilities	(238)	394
HST payable	232	-
	(3,603)	(920)

19. Financial Risk Management

(a) Concentration Risk

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The Company currently has heavy reliance on a small number of large customers for revenue. The Company continues to expand its customer base to reduce this reliance. A new sales team is focused on expanding the business in Western Canada and new customers have been obtained from across Canada. Management will continue to monitor and reduce this reliance.

For the three months ended December 31, 2016, the Company had one (2015 - four) customer representing over 10% of total revenue for an aggregate of approximately 31% (2015 - 58%) of total revenue. For the nine months ended December 31, 2016, the Company had one (2015 - five) customer representing over 10% of total revenue for an aggregate of approximately 29% (2015 - 67%) of total revenue.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer, investee or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable.

In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk.

To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance and, where appropriate, reviews the financial condition of existing customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances.

The Company's maximum credit exposure is represented by the balance of accounts receivable at each reporting date. As at December 31, 2016, \$584 (March 31, 2016 - \$402) of accounts receivable are past due but have been determined not to be impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and by maintaining sufficient cash on hand through equity financing, loans from related parties and loans payable.

Significant commitments in years subsequent to December 31, 2016 are as follows:

	Carrying value	Contractual cash flows	Payable in period from January 1 to March 31, 2017	Payable in April 1, 2017 to December 31, 2017	1-5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	4,650	4,650	4,650	-	-
Loans from related party	2,713	1,142	42	1,100	-
Loans payable	257	257	18	47	192
Long term debt	5,498	5,498	-	-	5,498
	13,118	11,547	4,710	1,147	5,690

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(d) Market Risk

i. Interest Rate Risk

Interest rate risk arises because the Company has loan payables with variable interest rates. The Company's objective in managing interest rate risk is to minimize the interest expense on liabilities and debt. The Company does not believe that its profit and loss or cash flows would be affected to any significant degree by a sudden change in market interest rates. The interest rates that it pays on the line of credit and loan payable can fluctuate with the prime rate.

ii. Foreign Currency Risk

The Company is exposed to some foreign currency risk as some of the product ingredients are denominated in U.S. dollars and Euros. Accordingly, the Company's results are affected, and may be affected in the future, by sudden exchange rate fluctuations of the U.S. dollar and Euro. Currently the Company manages foreign currency risk by forecasting need and incorporating forecasted U.S. and Euro foreign exchange rates into customer prices.

20. Capital Management

Management defines capital as the Company's share capital and long-term debt. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its sales, expenses, working capital and any required capital expenditures. The Company is not subject to any externally imposed capital requirements.

The capital management objectives for fiscal 2017 remain the same as those of the previous fiscal year.

21. Subsequent Events

Closing of Public Equity Offering

On January 10, 2017, the Company closed a bought deal, public equity offering to sell 7,085,417 common shares of the Company at a price of \$1.20 per share (the "Offering") for aggregate gross proceeds of \$8.5 million. The Offering was conducted by a syndicate of underwriters (the "Underwriters") led by Beacon Securities Limited and including Cormark Securities Inc., Canaccord Genuity Corp. and AltaCorp Capital Inc.

A total of 7,085,417 common shares were sold pursuant to the Offering, including 543,750 common shares issued as a result of the Underwriters' full exercise of the over-allotment option. An aggregate of 4,168,750 common shares were offered by way of a short form prospectus filed in each of the Provinces of Canada (other than Quebec) and in the United States.

The net proceeds of the Offering were used to complete the acquisition of all outstanding shares of Nothing But Nature Inc. ("Nothing But Nature"), for working capital and general corporate purposes.

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As well, as part of the Offering, the Company has agreed to appoint a candidate put forward by a significant shareholder and approved by GreenSpace to the Board of Directors of the Company, and to nominate such approved candidate at each annual general meeting of the Company for so long as such shareholder owns at least 5% of the issued and outstanding voting securities of the Company. The appointment is subject to applicable legal and stock exchange requirements.

Acquisition of Nothing But Nature Inc.

On January 18, 2017, the Company completed the acquisition of all outstanding shares of Nothing But Nature (the "Acquisition").

The aggregate purchase price for Nothing But Nature is approximately \$8.9 million to \$9.9 million, comprised of \$6.2 million in cash, funded by a portion of the net proceeds from the Offering, share consideration of \$2.7 million, resulting in the issuance of 2,097,638 common shares in the capital of GreenSpace ("Acquisition Common Shares") at a price of \$1.27 per Acquisition Common Share and an earn-out of up to \$1 million which is payable in common shares at a price per share equal to the lower of (i) GreenSpace's common share 20-day volume weighted average trading price prior to the announcement date of the earn-out calculation, and (ii) the volume weighted average trading price for GreenSpace's common shares for the 20 days following such announcement date. The earn-out amount is based on a formula providing for \$20 of earn-out consideration for each \$100 in Nothing But Nature net revenue in excess of \$8.9 million for the 12 month period ending on December 31, 2017.

At the time of approval of these interim condensed consolidated financial statements, the initial accounting for this transaction is incomplete. Additional disclosures required under IFRS 3, B64, are still to be determined with respect to the acquisition of Nothing But Nature, its measurement basis, valuation technique and significant inputs used to measure the fair value.

Stock Option Grant

On February 8, 2017, the Board of Directors of the Company approved the granting of incentive stock options (the "Options") pursuant to the terms of the Corporation's stock option plan to a number of employees to acquire up to an aggregate of 168,146 common shares in the capital of the Company.

All Options granted to the employees are exercisable for a period of ten years at a price of \$1.34 per common share. These Options vest over a five-year period with 20.0% of the Options vesting one year after the date of the grant and the remainder vesting 20.0% annually thereafter.