Condensed Consolidated Interim Financial Statements of

GREENSPACE BRANDS INC.

For the three and nine month periods ended December 31, 2015 and 2014

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

GreenSpace Brands Inc.

Table of Contents
For the three and nine month periods ended December 31, 2015 and 2014

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)
(expressed in Canadian dollars)

	December 31 2015 $	March 31 2015 $
Assets		
Current assets		
Accounts receivable, net of allowance for doubtful accounts of $174,410 (March 31, 2015 - $331,167)	**1,950,353**	528,029
HST receivable	**104,186**	62,358
Prepaid expenses	**90,726**	27,102
Inventory (note 8)	**2,568,452**	929,575
Due from related parties (note 14)	**47,525**	-
Total current assets	**4,761,242**	1,547,064
Property, plant and equipment (note 9)	**260,716**	-
Unallocated purchase price (note 7)	**5,823,999**	-
Total assets	**10,845,957**	1,547,064
Liabilities		
Current liabilities		
Bank overdraft (note 10)	**151,643**	292,677
Accounts payable and accrued liabilities (note 14)	**2,960,060**	1,686,721
Due to related parties (note 14)	**-**	19,101
Promissory note (note 11)	**750,000**	-
Loans from related parties (note 7 and 14)	**1,321,648**	500,000
Loans payable (note 12)	**42,455**	32,484
	5,225,806	2,530,983
Loans payable - non-current (note 12)	**148,920**	106,628
Other long term liabilities (note 7)	**619,835**	-
Total liabilities	**5,994,561**	2,637,611
Shareholders' equity (deficit)		
Share capital (note 13)	**12,346,648**	3,616,634
Contributed surplus (note 7, 13c and 13d)	**897,985**	-
Accumulated deficit	**(8,393,237)**	(4,707,181)
	4,851,396	(1,090,547)
Total liabilities and shareholders' equity (deficit)	**10,845,957**	1,547,064

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, 2015 and 2014

(unaudited)

(expressed in Canadian dollars)

	Three months ended		Nine months ended	
	2015	2014	**2015**	2014
	$	$	**$**	$
Revenue	**2,993,299**	826,713	**6,173,027**	2,201,116
Cost of goods sold	**2,348,282**	806,096	**5,009,248**	1,881,176
Gross profit	**645,017**	20,617	**1,163,779**	319,940
Expenses				
General and administrative (note 14)	**301,953**	44,510	**541,327**	119,422
Storage and delivery	**285,189**	73,015	**480,614**	140,261
Salaries and benefits (note 14)	**474,688**	207,052	**1,159,246**	505,467
Advertising and promotion	**229,061**	109,233	**576,524**	304,038
Professional fees	**577,911**	23,217	**850,335**	31,515
Stock-based compensation (note 13c)	**62,972**	-	**178,720**	-
Reverse take-over listing fee (note 5)	**-**	-	**991,454**	-
Total expenses	**1,931,774**	457,027	**4,778,220**	1,100,703
Net loss before interest and accretion and changes in fiar value of derivative liability	**(1,286,757)**	(436,410)	**(3,614,441)**	(780,763)
Interest and accretion expense (notes 12 and 14)	**52,489**	23,325	**71,615**	67,653
Change in fair value of derivative liability		8,143	**-**	5,057
Net loss from continuting operations before income taxes	**(1,339,246)**	(467,878)	**(3,686,056)**	(853,473)
Income tax expense (recovery)	**-**	-	**-**	-
Net loss from continuing operations	**(1,339,246)**	(467,878)	**(3,686,056)**	(853,473)
Net loss from discontinued operations, net of income taxes (note 6)	**-**	-	**-**	2,229
Net loss and comprehensive loss	**(1,339,246)**	(467,878)	**(3,686,056)**	(855,702)
Net income attributed to non-controlling interest	**-**	-	**-**	460
Net loss and comprehensive loss attributed to common shareholders	**(1,339,246)**	(467,878)	**(3,686,056)**	(855,242)
Net loss per share				
Basic and diluted from discontinued operations	**-**	-	**-**	-
Basic and diluted from continuing operations	**(0.06)**	(0.04)	**(0.20)**	(0.07)
Weighted average number of shares basic and diluted	**21,548,399**	12,613,947	**18,407,606**	12,635,244

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

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

(unaudited)
(expressed in Canadian dollars)

	Share capital Number	Share capital Amount $	Contributed Surplus $	Accumulated Deficit $	Non-controlling Interest $	Total Shareholders' Equity (Deficit) $
March 31, 2015	3,369,415	3,616,634	-	(4,707,181)	-	(1,090,547)
Share split as part of qualifying transaction (note 5)	11,336,470	-	-	-	-	-
Reverse take-over transaction (note 5)	804,650	1,094,324	66,511	-	-	1,160,835
Shares issued for business combination (note 7)	1,190,476	1,250,000	-	-	-	1,250,000
Shares issued through private placements	5,771,467	7,268,126	-	-	-	7,268,126
Share issuance costs	-	(882,436)	652,754	-	-	(229,682)
Issuance of share options	-	-	178,720	-	-	178,720
Net loss attributable to common shareholders	-	-	-	(3,686,056)	-	(3,686,056)
December 31, 2015	**22,472,478**	**12,346,648**	**897,985**	**(8,393,237)**	**-**	**4,851,396**
March 31, 2014	2,536,346	2,164,312	14,064	(2,971,030)	(82,784)	(875,438)
Shares issued upon private placement	509,418	925,334	-	-	-	925,334
Issuance of convertible promissory notes	-	-	6,165	-	-	6,165
Shares issued upon conversion of promissory notes	285,772	434,600	(20,229)	-	-	414,371
Stock options exercised	37,879	92,722	-	-	-	92,722
Net loss attributable to common shareholders	-	-	-	(855,242)	-	(855,242)
Net loss attributable to non-controlling interest	-	-	-	-	(460)	(460)
December 31, 2014	3,369,415	3,616,968	-	(3,826,272)	(83,244)	(292,548)

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

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the nine month periods ended December 31, 2015 and 2014

(unaudited)

(expressed in Canadian dollars)

	2015	2014
	$	$
Cash flow from operating activities		
Loss and comprehensive loss	**(3,686,056)**	(855,702)
Items not affecting cash:		
Depreciation	**7,619**	-
Stock-based compensation	**178,720**	-
Reverse take-over listing fees	**991,454**	-
Interest and accretion expense	**71,615**	-
Accretion of discount on convertible promissory notes	**-**	15,846
Change in fair value of derivative liability	**-**	5,057
Changes in non-cash working capital (note 17)	**(709,737)**	(469,948)
Total cash utilized in operating activities	**(3,146,385)**	(1,304,747)
Cash flow from investing activities		
Cash used for business combination (note 7)	**(2,100,000)**	-
Additions to property, plant and equipment	**(231,185)**	-
Total cash utilized in investing activities	**(2,331,185)**	**-**
Cash flow from financing activities		
(Decrease) increase in bank overdraft	**(142,343)**	(18,641)
Proceeds from issuance of common shares, net	**6,711,678**	925,334
Proceeds from issuance of convertible promissory notes	**-**	100,000
Proceeds from exercise of stock options	**-**	50,000
Repayment of advances from related party, net (note 14)	**(166,626)**	71,842
(Repayment of) Proceeds from loans payable	**(1,044,552)**	147,233
Cash acquired from reverse take-over (note 5)	**169,380**	-
Interest paid	**(49,967)**	-
Total cash provided by financing activities	**5,477,570**	1,275,768
Increase (decrease) in cash and cash equivalents	**-**	(28,979)
Cash and cash equivalents, beginning of the period	**-**	28,979
Cash and cash equivalents, end of the period	**-**	-

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

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 industry. The Company's main brands include Life Choices Natural Foods, Rolling Meadow Dairy, Grandview Farms 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 7 for further details on the Love Child acquisition.

On February 25, 2016, the Company completed the 70% share acquisition of Central Roast Brands Inc. ("Central Roast"). Central Roast is a leading all-natural functional snacks company that manufactures, markets, and distributes healthy snacks to major consumer retail channels in Canada. The acquisition will strengthen the Company's brand penetration with Canadian retail and distribution partners, provide extensive opportunities for increased penetration of existing product lines into the high velocity single serve category and into the new gas and convenience distribution channels. Refer to note 20 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 178 St. George Street, Toronto, Ontario, Canada M5R 2M7.

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, 2015. 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, 2015.

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., and Love Child (Brands) 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 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.

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 companies 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.

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, 2015 and were consistently applied to all the periods presented unless otherwise noted below.

a) Consolidation

The 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, Granview Farms Sales Ltd., and Love Child (Brands) Inc. All inter-company balances and transactions have been eliminated.

(b) Future accounting policies

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standard on its effective date but has yet to assess the full impact.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company intends to adopt the new Standard on its effective date and has yet to consider the impact on its financial reporting.

(expressed in Canadian dollars)

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 (note 13 (c)(i and ii);
- 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 $5,300,000. The Share Split was completed prior to the closing of this private placement. The Company incurred cash transaction costs of $449,497 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 (note 13 (c)(iii)).

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 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	$ 169,381
Total net assets acquired	**$ 169,381**
Notional price paid for Aumento shares	$ 1,094,324
Fair value of Aumento management options (note 13(c)(i))	46,398
Fair value of Aumento agent options (note 13(c)(ii))	20,113
Total purchase price	**$ 1,160,835**
Reverse take-over listing fee	**$ 991,454**

(expressed in Canadian dollars)

As well, the Company incurred professional fees associated with the reverse take-over totalling $35,914 and $110,545 during the three and nine month periods ended December 31, 2015 (2014 - $nil). These costs are expected to be 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. Discontinued Operations

In June 2014, the Company exited the business carried on by its subsidiary The Everyday Fundraising Group ("TEFG"), which operated an online grocery store that donated a portion of each sale to a charity of the customers' choice. The operating results of TEFG have also been presented as a discontinued operation.

The following table summarizes the operations of the TEFG as classified as discontinued operations for the three and nine month period ended December 31, 2014:

	Three month period ended December 31, 2014 $	Nine month period ended December 31, 2014 $
Revenue	-	13,171
Cost of goods sold	-	7,424
Gross profit	-	5,747
Expenses	-	7,976
Loss from discontinued operations, net of tax.	-	(2,229)
Income attributed to non-controlling interest	-	460
Loss attributed to common shareholders	-	(1,769)

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

TEFG had current assets of $7,211 as at December 31, 2015 (March 31, 2015 - $7,211) and current liabilities of $nil as at December 31, 2015 and March 31, 2015. TEFG did not have any non-current assets. These amounts have been treated as a disposal group for TEFG, 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, 2014:

	Nine month period ended December 31, 2014 $
Cash flows from operations	1,067
Cash flows from financing activities	-

7. Acquisition of 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:

- $2,100,000 cash;

- $1,250,000 in GreenSpace common shares ("Common Shares") issued at a price of $1.05 per share;

- $900,000 in vendor take back notes ("VTB Notes") which initially had a term of 1 year and an interest rate of 9%. In conjunction with the VTB Notes, holders received warrants exercisable for a total of 225,000 Common Shares ("VTB Warrants"). The VTB Warrants are exercisable for a period of one year at a price of $1.00 per Common Share. The VTB Warrants have been valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.54%, expected volatility of 50.4% and an expected life of one year. On the date of acquisition, the value attributed to the VTB Warrants was $67,385 recognized in contributed surplus. As well, the VTB Notes have been secured against the assets of GreenSpace and Love Child. The VTB Notes have been classified as loans from related parties on the condensed consolidated interim statement of financial position;

- $259,380 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 0.54%, expected volatility of 50.4% and an expected life of two years. The value attributed to the Earn-out Warrants was $259,380 recognized in contributed surplus.

- $619,835 in earn-out shares valued at up to $750,000 ("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 and at December 31, 2015, 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 10%. The Earn-out Shares have been classified as other long-term liabilities on the condensed consolidated interim statement of financial position.

(expressed in Canadian dollars)

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	$ 2,100,000
Common Shares	1,250,000
VTB Notes	900,000
VTB Warrants	67,385
Earn-out Warrants	259,380
Earn-out Shares	619,835
Total purchase price	5,196,600

Fair Value of assets acquired and liabilities assumed:

Accounts receivable	$586,045
Tax assets receivable	21,183
Inventory	1,453,117
Equipment	37,150
Prepaid expenses	36,223
Bank indebtedness	(942,310)
Accounts payable and accrued liabilities	(912,991)
Promissory note	(750,000)
Loans payable	(155,816)
Total net assets acquired	(627,399)
Unallocated purchase price	$ 5,823,999

The unallocated purchase price is mainly attributable to Love Child's brand name, customer relationships, supplier relationships and assembled workforce. It is expected that the customer relationships and supplier relationships will be valued over a period of 10 years and 5 years, respectively.

If the acquisition had occurred on April 1, 2015, management estimated that the Company's consolidated revenue and consolidated loss from continuing operations would be $9,654,937 and $4,448,707 respectively, for the nine months ended December 31, 2015. Management has determined these amounts based on internally prepared financial results obtained from Love Child. These pro-forma results reflect adjustments associated with the Acquisition assuming the fair values used in the purchase price allocation occurred on April 1, 2015. These pro-forma results may not necessarily be indicative of actual results had the acquisition occurred on April 1, 2015.

As of December 31, 2015 the allocation of the purchase consideration is based on preliminary estimates in regards to the fair value of the assets acquired and the contingent consideration and has not been finalized. The actual fair value of the contingent consideration may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change. It is expected that the unallocated purchase price will be allocated between goodwill and intangibles upon completion of the valuation of the acquisition.

(expressed in Canadian dollars)

8. Inventory

Inventory consists of:

	December 31, 2015	March 31, 2015
	$	$
Raw materials	**147,949**	174,012
Packaging	**659,024**	133,022
Finished goods	**1,761,479**	622,541
Total	**2,568,452**	929,575

Included in cost of goods sold is a provision for inventory amounting to $122,890 for the three month period ended December 31, 2015 (2014 - $nil) and $255,423 for the nine month period ended December 31, 2015 (2014 - $887).

The amount of inventory recognized as an expense in cost of goods sold was $2,345,716 for the three month period ended December 31, 2015 (2014 - $617,854) and $5,001,083 for the nine month period ended December 31, 2015 (2014 - $1,688,651).

(expressed in Canadian dollars)

9. Property, Plant and Equipment

	Furniture and equipment	Leasehold improvements	Computer equipment	Software	Total
Cost					
Balance, March 31, 2015	-	-	-	-	-
Additions	230,339	-	846	-	231,185
Acquired through business combination (note 7)	11,002	25,810	15,955	30,511	83,278
Balance, December 31, 2015	241,341	25,810	16,801	30,511	314,463
Accumulated depreciation					
Balance, March 31, 2015	-	-	-	-	-
Depreciation for the period	3,876	1,720	485	1,538	7,619
Acquired through business combination (note 7)	3,664	14,791	10,850	16,823	46,128
Balance, December 31, 2015	7,540	16,511	11,335	18,361	53,747
Net book value					
Balance, March 31, 2015	-	-	-	-	-
Balance, December 31, 2015	233,801	9,299	5,466	12,150	260,716

Depreciation expense charged to the condensed interim consolidated statements of loss and comprehensive loss for the three and nine months ended December 31, 2015 was $7,619 (three and nine months ended December 31, 2014: $nil).

10. Bank Overdraft

After completing the Qualifying Transaction, the Company's entered into a new revolving credit facility, which allowed the Company to borrow up to $500,000 in principal, secured by a general security agreement from the Company. The facility was payable on demand and had an interest rate of prime plus 1.75% per annum.

On October 14, 2016, the $500,000 overdraft facility was amended to allow the Company to borrow up to the lower of: i) $750,000 or ii) 75% of accounts receivable aged less than 90 days plus 15% of inventory up to $150,000. The amended facility is payable on demand and continues to bear interest at a prime borrowing rate plus 1.75% per annum. The drawn upon balance has been classified as Bank Overdraft on the consolidated statements of financial position.

At March 31, 2015, the Company had a revolving credit facility that allowed the Company to borrow up to $300,000 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 their personal residence as collateral for the overdraft facility. The previous facility was also payable on demand bearing interest at 3.0% per annum. The drawn balance at March 31, 2015 has been classified as Bank Overdraft on the consolidated statements of financial position.

(expressed in Canadian dollars)

11. Promissory Notes

Promissory note in the amount of $750,000 bearing interest at a rate equal to the Scotiabank prime lending rate. Interest is payable monthly, and the loan is repayable on or before March 24, 2016 and is collateralized by a general security agreement on the Love Child assets.

12. Loans Payable

	December 31, 2015	March 31, 2015
BDC loan payable, interest at BDC's floating base rate plus 1% per annum, repayable in payments of princial of $1,040 monthly plus interest (payable monthly), maturing November 2018.	**36,400**	139,112
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of princial of $1,675 monthly plus interest (payable monthly), maturing February 23, 2019	**72,025**	-
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of princial of $1,050 monthly plus interest (payable monthly), maturing February 23, 2022	**82,950**	-
	191,375	139,112
Less amounts due within one year	**42,455**	32,484
Loans payable - non-current	**148,920**	106,628

On June 24, 2014 the Company entered into two loan payables with the Business Development Bank of Canada (“BDC”) for a total of $150,000. The first loan payable was for $50,000 bearing interest at the BDC’s floating base rate plus 1% per annum and matures in November 2018. The second loan payable was for $100,000 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 $91,685 on the date of repayment.

As part of the acquisition of Love Child (note 7), the Company acquired two additional BDC loans. The first acquired BDC loan was for $100,000 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 $100,000 bearing interest at BDC's floating base rate plus 3% per annum, interest payable monthly and the loan matures on February 23, 2022.

(expressed in Canadian dollars)

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").

Provided the loans are not called by the lender or consolidated, the required future principal repayments are as follows:

2016	42,455
2017	45,180
2018	44,140
2019	26,000
2020	12,600
2021	12,600
Thereafter	8,400
	191,375

13. Share Capital

(a) Authorized: Unlimited number of common shares

Common shares issued and fully paid:

	Number	Amount $
Balance at March 31, 2014	2,536,346	2,164,312
Shares issued upon private placement (i)	203,125	325,000
Shares issued upon private placement (ii)	306,293	600,000
Shares issued upon exercise of stock options (iii)	37,879	92,722
Shares issued upon conversion of promissory notes (iv)	285,772	434,600
Balance at March 31, 2015	3,369,415	3,616,634
Share Split (note 5)	11,336,470	-
Share issuance in RTO (note 5)	804,650	1,094,324
Shares issued for business combination (note 7)	1,190,476	1,250,000
Shares issued upon private placement (v)	5,771,467	7,268,126
Share issuance costs (vi)	-	(882,436)
Balance at December 31, 2015	22,472,478	12,346,648

(i) On June 11, 2014, Life Choices completed a non-brokered private placement of 203,125 common shares for aggregate proceeds of $325,000.

(ii) On December 10, 2014, Life Choices completed a non-brokered private placement of 306,293 common shares for aggregate proceeds of $600,000.

(iii) On December 10, 2014, Life Choices issued 37,879 common shares upon exercise of stock options for aggregate proceeds of $50,000 plus $42,722 of value reallocated from the derivative liability.

(iv) On December 10, 2014, all the convertible promissory notes were converted resulting in the issuance of 285,772 common shares and a corresponding increase to share capital of $434,600.

(v) 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 $5,300,000.

On October 19, 2015, in closing its Acquisition of Love Child, the Company completed its first tranche of private placement of 1,010,456 common shares at a purchase price of $1.05 per share, for gross proceeds of $1,060,978.

On November 20, 2015, the Company completed its second tranche of private placement of 863,952 common shares at a purchase price of $1.05 per share, for gross proceeds of $907,148.

(vi) On April 30, 2015, in closing its Qualifying Transaction, the Company incurred cash transaction costs of $449,497 and also issued 262,501 agent options which were fair valued at $186,982 (see note 10(c)(iii) below).

On October 19, 2015, in closing its first tranche of private placement, the Company incurred cash transaction costs of $34,541 and also issued 273,172 warrants which were fair valued at $83,843 (see note 13(d))

On November 20, 2015, in closing its second tranche of private placement, the Company incurred cash transaction costs of $72,410 and also issued 223,233 warrants which were fair valued at $55,163 (see note 13(d))

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

On December 31, 2015, the Company had 5,016,419 issued and outstanding 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.

(expressed in Canadian dollars)

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	Weighted average exercise price ($)
March 31, 2015	-	-
Aumento Management Options (i)	80,464	$1.20
Aumento Agent Options (ii)	50,715	$1.20
Granted Broker Options (iii)	262,501	$1.36
Granted to Directors (iv)	482,353	$0.96
Granted to Management (v)	548,826	$0.92 - $0.99
Expiry of Aumento Agent Options (ii)	(50,715)	$1.20
Granted Agent Options (vi)	55,000	$1.24
Balance, December 31, 2015	1,429,144	$1.06

(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 $46,398 recognized in contributed surplus.

(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 $20,113 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 $186,982 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 0.5%, expected volatility of 100% and an expected life of 5 to 7 years. The value attributed to the 482,353 Board options was $325,674 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 0.5% to 0.8%, expected volatility of 100% and an expected life of 5 to 8 years. The value attributed to the 381,250 management options was $290,797 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 $15,162 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 7). These options vested over a 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 $61,060 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 $19,044 and these options are being expensed using a graded vesting method over the five-year vesting period.

(expressed in Canadian dollars)

(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 $15,268 recognized in contributed surplus.

For (iv), (v) and (vi) above the Company recognized a salaries and benefits expense of $62,972 during the three month period ended December 31, 2015 and $178,720 during the nine month period ended December 31, 2015 within its interim condensed consolidated statement of operations with a corresponding increase to contributed surplus.

(d) Warrants:

Warrant activity during the nine months ended December 31, 2015 is detailed as follows:

	Number of warrants	Value $	Weighted Average Exercise Price $
March 31, 2015			
Warrants issued to complete private placement (i)	468,605	130,907	1.20
Warrants issued to brokers (ii)	27,800	8,099	1.20
Warrants issued for acquisition (iii)	714,286	259,380	1.05
Vendor take back warrants (iv)	225,000	67,385	1.00
December 31, 2015	**1,435,691**	**465,771**	**1.09**

(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 $77,534 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 $53,373 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 $6,309 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 $1,790 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 7). These warrants are exercisable at a price of $1.05 per share for a period of 24 months. The warrants were valued at $259,380 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%.

(iv) On October 19, 2015, the Company issued 225,000 VTB Warrants as part of its acquisition of Love Child (note 7). These warrants are exercisable at a price of $1.00 per share for a period of 12 months. The warrants were valued at $67,385 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%.

14. Related Party Balances and Transactions

The Company has a short-term lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of $18,826 and $nil for the three-month period ended December 31, 2015 and 2014 and $23,465 and $nil for the nine-month period ended December 31, 2015 and 2014. The Company is in the process of finalizing a formal lease agreement with that shareholder.

The Company has an outstanding balance of $207,205 at December 31, 2015 (March 31, 2015 - $301,918) 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 the Company. At December 31, 2015, $nil (March 31, 2015 - $415,230) was due to that meat broker. The year-end balance was included in accounts payable and accrued liabilities. For the three and nine month periods ended December 31, 2015 total purchases from that meat broker amounted to $nil and $437,111 respectively (2014 - $99,173 and $172,434). 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 quarter. At December 31, 2015, $47,525 was owed by the unrelated company controlled by a common shareholder (March 31, 2015 – Company owed the unrelated company $19,101). The amount owed is non-interest bearing with no specified terms of repayment.

On March 2, 2015, the Company issued a promissory note to a shareholder for proceeds of $500,000. The promissory note bears 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 principle promissory note and any accrued interest was 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 $400,000. 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.

(expressed in Canadian dollars)

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:

	Three month period ended		Nine month period ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Salary and director fees	$211,191	$75,000	$587,359	$212,500

15. 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, the stand-by letter of credit was returned by the U.S supplier and cancelled by the Canadian financial institution.

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.

16. Expenses by Nature

	3 month ended December 31, 2015	3 month ended December 31, 2014	**9 month ended December 31, 2015**	9 month ended December 31, 2014
Raw materials and consumables used	**2,345,716**	617,854	**5,001,083**	1,688,651
Storage and delivery	**285,189**	73,015	**480,614**	140,261
Salaries and benefits	**474,688**	207,052	**1,159,246**	505,467
Advertising and promotion	**229,061**	109,233	**576,524**	304,038
Professional fees	**577,911**	23,217	**850,335**	31,515
Stock-based compensation	**62,972**	-	**178,720**	-
Reverse take-over listing Fee	**-**		**991,454**	-
Other expenses	**304,519**	232,752	**549,493**	311,947
	4,280,056	1,263,123	**9,787,468**	2,981,879

(expressed in Canadian dollars)

17. Changes in Non-Cash Working Capital

	9 month ended December 31, 2015	9 month ended December 31, 2014
HST receivable	**(20,645)**	6,336
Accounts receivable	**(836,278)**	(478,538)
Prepaid expenses	**(27,401)**	(86,411)
Income taxes recoverable		10,533
Inventory	**(185,761)**	(282,269)
Accounts pyabale and accrued liabilities	**360,348**	360,401
	(709,737)	(469,948)

18. Financial Risk Management

(a) Concentration Risk

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 3 months period ended December 31, 2015, the Company had four (four – 2014) customer representing over 10% of total revenue for an aggregate of approximately 58% (93% - 2014) of total revenue. For the 9 months period ended December 31, 2015, the Company had five (four – 2014) customer representing over 10% of total revenue for an aggregate of approximately 67% (95% - 2014) 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, 2015 $231,039 (March 31, 2015 - $136,711) 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 associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company monitors its financial position regularly and updates its expected use of cash resources.

(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.

19. 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 2016 remain the same as those of the previous fiscal year.

20. Subsequent Event

Closing of Equity Offering

On February 25, 2016, the Company closed a public equity offering, underwritten by a syndicate co-led by Canaccord Genuity Corp. and GMP Securities L.P., and including Beacon Securities Limited and Dundee Securities Ltd. (collectively, the "Underwriters") to sell 9,315,000 units of the Company (the "Units") at a price of $0.90 per Unit to raise gross proceeds of $8,383,500 (the "Offering"). Each Unit consisted of one common share ("Common

Share") and one-half of one common share purchase warrant ("Warrant"), each whole Warrant entitling the holder to purchase one Common Share at a price of $1.20 per Common Share for a period of 36 months from the closing of the Offering.

The Company also granted the Underwriters an over-allotment option (the "Over-Allotment Option") to purchase any combination of additional Units, Common Shares and/or Warrants that is equal to 15% of the number of securities sold under the Offering, exercisable at any time up to 30 days after the closing of the Offering.

The net proceeds of the Offering were used to complete the acquisition of 70% of the outstanding shares of Central Roast Inc. ("Central Roast"), working capital, and general corporate purposes.

Acquisition of Majority Ownership in Central Roast

On February 25, 2016, the Company completed the acquisition of 70% of the outstanding shares of Central Roast ("Acquisition").

The aggregate purchase price for Central Roast will be approximately $10.75 million, comprised of $7.50 million in cash, $3.00 million in Units and an interest-free unsecured vendor take back loan of $0.25 million payable in 12 equal monthly instalments.

The Company will have a mandatory secured obligation to purchase the remaining 30% of Central Roast 13 months from the closing of the Acquisition for $4.5 million, payable in $3.6 million cash and the remainder in Common Shares and Warrants (the "Mandatory Purchase"). The Mandatory Purchase can be accelerated at any time at the Company's option. Until the exercise of the Mandatory Purchase, The Company, prior to obtaining the remaining 30%, will have full operational control of the business will recognize 100% of the economic gains or losses incurred by Central Roast business over the interim period.

The Acquisition will continue to involve the assumption of existing indebtedness of Central Roast of approximately $1 million and the replacement of approximately $0.86 million of existing indebtedness owing to certain shareholders of Central Roast by the issuance of secured vendor take back loans totalling approximately $0.86 million (the "VTB 2"). The VTB 2 bears interest at a rate of 8% annually with interest payable monthly, subject to an increase in the interest rate to up to 21% annually in certain circumstances. The VTB 2 will be secured against the assets of the Corporation, the Purchaser and Central Roast and will be secured by a personal guarantee of an officer of the Company. The VTB2 is subject to mandatory repayment in certain circumstances and is due April 1, 2017. The VTB 2 will contain restrictive covenants and such other terms and conditions as are customary for secured notes of this nature and amount.

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 Central Roast, its measurement basis, valuation technique and significant inputs used to measure the fair value.

21. Approval of the Financial Statements

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on February 26, 2016.