Consolidated Financial Statements of

GREENSPACE BRANDS INC.

For the years ended March 31, 2017 and 2016

GreenSpace Brands Inc.

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For the years ended March 31, 2017 and 2016

GreenSpace Brands Inc.
Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

	March 31 2017 $	March 31 2016 $
Assets		(Note 6)
Current assets		
Accounts receivable, net of allowance for doubtful accounts of $286 (March 31, 2016 - $164)	**6,461**	3,993
HST receivable	**265**	184
Income tax receivable	**8**	-
Prepaid expenses	**275**	407
Inventory (note 8)	**5,148**	3,479
Due from related parties (note 18)	**38**	38
Total current assets	**12,195**	8,101
Property, plant and equipment (note 9)	**777**	716
Intangible assets (notes 6 and 10)	**13,552**	14,307
Goodwill and other intangible assets (note 6)	**19,176**	10,772
Total assets	**45,700**	33,896
Liabilities		
Current liabilities		
Bank overdraft (note 11)	**-**	998
Accounts payable and accrued liabilities (note 12)	**5,720**	4,888
HST payable	**196**	-
Loans from related parties (notes 6 and 18)	**1,391**	4,432
Loans payable (note 13)	**71**	1,649
	7,378	11,967
Loans from related parties - non-current (notes 6 and 18)	**-**	3,831
Loans payable - non-current (note 13)	**167**	243
Long term debt (note 14)	**3,147**	-
Deferred tax liabilities (notes 6 and 16)	**2,995**	3,271
Total liabilities	**13,687**	19,312
Shareholders' equity		
Share capital (note 15)	**43,185**	22,483
Contributed surplus (notes 6, 15(c) and 15(d))	**2,186**	2,202
Accumulated deficit	**(13,358)**	(10,101)
	32,013	14,584
Total liabilities and shareholders' equity	**45,700**	33,896

The accompanying notes are an integral part of these consolidated financial statements.
(Going concern – See Note 2)

Approved by the Board:

Matthew von Teichman-Logischen
Chairman

James Haggarty
Director

GreenSpace Brands Inc.

Consolidated Statements of Operations and Comprehensive Loss
For the years ended March 31, 2017 and 2016
(Expressed in thousands of Canadian dollars, except per share and number of shares amounts)

	2017	2016
	$	$
		(Note 6)
Gross revenue	**41,959**	12,313
Less: rebates and discounts	**(4,076)**	(1,064)
Less: listing fees	**(796)**	(1,045)
Net revenue	**37,087**	10,204
Cost of goods sold (Note 8)	**28,760**	8,452
Gross profit	**8,327**	1,752
Expenses		
General and administrative	**1,690**	732
Storage and delivery	**1,749**	636
Salaries and benefits	**3,313**	1,668
Advertising and promotion	**1,017**	575
Professional fees	**530**	1,284
Stock-based compensation (note 15 (c))	**198**	257
Amortization of intangible assets	**1,040**	143
Reverse take-over listing fee (note 5)	**-**	991
Total expenses	**9,537**	6,286
Net loss before interest expense, accretion expense and income taxes	**(1,210)**	(4,534)
Interest expense (Note 17)	**485**	138
Net loss before accretion expense and income taxes	**(1,695)**	(4,672)
Accretion expense	**1,335**	106
Deferred income tax (recovery) (Note 16)	**(276)**	(38)
Loss from continuing operations	**(2,754)**	(4,740)
Loss from discontinued operations, net of income taxes (note 7)	**(503)**	(654)
Net loss and comprehensive loss	**(3,257)**	(5,394)
Net loss per share		
Basic and diluted from discontinued operations	**(0.01)**	(0.03)
Basic and diluted from continuing operations	**(0.07)**	(0.23)
Weighted average number of shares basic and diluted	**42,077,420**	20,660,683

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

GreenSpace Brands Inc.

Consolidated Statements of Changes in Shareholders' Equity

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

	Share capital		Contributed	Accumulated	Total Shareholders'
	Number	Amount	Surplus	Deficit	Equity
		$	$	$	$
March 31, 2015	3,369,415	3,617	-	(4,707)	(1,090)
Share split as part of qualifying transaction	11,336,470	-	-	-	-
Reverse take-over transaction	804,650	1,094	67	-	1,161
Proceeds from private equity placements	5,771,467	7,137	131	-	7,268
Issuance of share options	-	-	257	-	257
Shares and warrants for business combinations	4,523,809	3,994	256	-	4,250
Proceeds from Central Roast Short Form Prospectus	9,917,184	8,164	762	-	8,926
Shares and warrants issued on debt financing	126,667	89	133	-	222
Share issurance costs	-	(1,612)	596	-	(1,016)
Net loss and comprehensive loss	-	-	-	(5,394)	(5,394)
March 31, 2016 (Note 6)	**35,849,662**	**22,483**	**2,202**	**(10,101)**	**14,584**
Issuance of share options	-	-	198	-	198
Proceeds from exercise of warrants	1,778,750	1,776	(214)	-	1,562
Proceeds from exercise of share options	41,618	40	-	-	40
Proceeds from September 2016 Short Form Prospectus	6,210,000	7,017	-	-	7,017
Proceeds from Nothing But Nature Equity Raise	7,085,417	8,503	-	-	8,503
Shares issued for acquisition of Nothing But Nature (note 6)	2,097,638	2,664	-	-	2,664
Shares issued for repayment of loans from related parties (note 18	1,202,686	1,492	-	-	1,492
Shares issued for convertible loan (note 18)	521,739	600	-	-	600
Share issurance costs	-	(1,390)	-	-	(1,390)
Net loss and comprehensive loss	-	-	-	(3,257)	(3,257)
March 31, 2017	**54,787,510**	**43,185**	**2,186**	**(13,358)**	**32,013**

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

GreenSpace Brands Inc.

Consolidated Statements of Cash Flows
For the years ended March 31, 2017 and 2016
(Expressed in thousands of Canadian dollars)

	2017	2016
	$	$
Cash flow from operating activities		(Note 6)
Loss and comprehensive loss	**(3,257)**	(5,394)
Loss from discountinued operations	**503**	654
Items not affecting cash:		
Depreciation and amortization (notes 9 and 10)	**1,248**	185
Deferred income tax recovery	**(276)**	(38)
Stock-based compensation	**198**	257
Reverse take-over listing fees	**-**	991
Inventory provision	**347**	394
Interest expense	**485**	138
Accretion expense	**1,335**	106
Changes in non-cash working capital (note 18)	**(3,332)**	(1,477)
Cash utilized in operating activities - continuing operations	**(2,749)**	(4,184)
Cash utilized in operating activities - discontinued operations	**(183)**	(654)
Total cash utilized in operating activities	**(2,932)**	(4,838)
Cash flow from investing activities		
Cash used for business combination	**(6,216)**	(9,600)
Additions to property, plant and equipment	**(222)**	(277)
Additions to indefinite life intangible assets	**(285)**	-
Total cash utilized in investing activities	**(6,723)**	(9,877)
Cash flow from financing activities		
Decrease in bank overdraft	**(998)**	(31)
Warrants exercised	**1,602**	-
Proceeds from issuance of common shares, net	**14,130**	14,874
Repayment of loans from related parties, net (note 18)	**(6,064)**	(157)
Repayment of loans payable	**(1,976)**	(25)
Advance from long term debt, net	**3,439**	-
Cash acquired from reverse take-over (note 5)	**-**	169
Interest paid	**(478)**	(115)
Total cash provided by financing activities	**9,655**	14,715
Increase in cash and cash equivalents	**-**	-
Cash and cash equivalents, beginning of the year	**-**	-
Cash and cash equivalents, end of the year	**-**	-

Non-cash investing and financing activities (note 6)

The accompanying notes are an integral part of these consolidated 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 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.

On January 18, 2017, the Company completed the acquisition of Nothing But Nature Inc. ("Nothing But Nature"). Nothing But Nature owns the organic juice brand Kiju and sells a wide variety of organic juices and drinks throughout Canada and select USA customers. The brand focuses on providing consumers with sustainable, healthy drinks without compromising quality and taste. Refer to Note 6 for further details on the Nothing But Nature 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.

2. Statement of Compliance, Going Concern and Basis of Presentation

Statement of Compliance
The Company has prepared these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on June 21, 2017.

Going concern
These 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 consolidated financial statements.

As at March 31, 2017, the Company had a positive working capital balance of $4,817 (March 31, 2016 – working capital deficiency of $3,866), an accumulated deficit of $13,358 (March 31, 2016: $10,101). During the year ended March 31, 2017, 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 $2,932 (2016: $4,838). 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 management headcount additions.

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 (Note 14).

On January 10, 2017, the Company completed a bought deal offering of 7,085,417 shares for gross proceeds of $8.5 million. The net proceeds were used by the Company to finance the acquisition of all outstanding shares of Nothing But Nature 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. These factors raise some doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements could be required.

2. Statement of Compliance, Going Concern and Basis of Presentation - continued

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

All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise noted.

Principles of Consolidation
These 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., GSB Investment Corp., Central Roast Inc., Nothing But Nature Inc. and GSB Beverage Inc. from their respective dates of acquisition. All inter-company balances and transactions have been eliminated.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of 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 consolidated 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 consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these 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 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.

3. Significant Accounting Judgments, Estimates and Assumptions - continued

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 significant management estimates.

Goodwill impairment: Goodwill and indefinite life intangible assets are 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 year ended March 31, 2017, the Company performed an impairment assessment and recognized no write-down of intangibles or impairment of goodwill.

4. Significant Accounting Policies

The Company's accounting policies are consistently applied to all the periods presented unless otherwise noted below.

a) Foreign currency translation

The Canadian dollar is the functional currency of the Company and its subsidiaries. In respect of transactions denominated in currencies other than the Canadian dollar, the monetary assets and liabilities of the Company are translated at the year-end rates. All of the exchange gains or losses resulting from these transactions are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income/loss or other comprehensive income/loss consistent with where the gain or loss on the underlying non-monetary asset or liability were recognized. Revenue and expenses are translated at rates of exchange prevailing on the respective transaction dates.

b) Revenue recognition

The Company recognizes gross revenue from the sale of goods when significant risks and rewards of ownership of the goods are transferred to the customer, it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably, which generally arises on delivery or in accordance with specific terms and conditions agreed with customers. Consideration given to customers such as value incentives, rebates, early payment discounts, one-time listing fees and other discounts are recorded as reductions in revenue.

4. Significant Accounting Policies - continued

c) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

4. Significant Accounting Policies – continued

c) Financial instruments (continued)

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Accounts receivable	Loans and receivables
HST receivable	Loans and receivables
Due from related parties	Loans and receivables

Financial liabilities:	Classification:
Bank overdraft	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Long term debt	Other financial liabilities
Loans from related parties	Other financial liabilities
Loans payable	Other financial liabilities
Deferred consideration (or contingent)	Fair value through profit or loss

Financial instruments recorded at fair value in the consolidated statement of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's deferred consideration (or contingent) are measured at fair value using Level 3 inputs. The fair value of these respective liabilities was discounted at an annual discount rate of 16% to arrive at the carrying values presented on the consolidated statements of financial position.

d) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

4. Significant Accounting Policies – continued

e) Accounts receivable

Accounts receivable are presented, net of allowance for doubtful accounts of $286 at March 31, 2017 ($164 – March 31, 2016). The Company has a number of aged accounts receivable balances that have been provided for due to aging however these balances are not in dispute and many of them are still being actively pursued for collection.

The Company estimates an allowance for doubtful accounts by: (1) reviewing the current business environment, customer and industry concentrations, and historical experience and, (2) establishing an additional allowance for specifically identified accounts that are significantly impaired. A change to these factors could impact the estimated allowance. The provision for bad debts is recorded in general and administrative expenses.

f) Prepaid expenses

Prepaid expenses consist of prepaid rent, retainers paid with respect to professional services and prepayments made to suppliers.

g) Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price, in the ordinary course of business, less appropriate selling costs. Inventory consists of raw materials, mainly raw meat provided to the Company's suppliers to produce a finished product, finished products, and packaging.

h) Property, plant and equipment

Property, plant and equipment is recorded at cost. Depreciation is provided annually at rates and methods over their estimated useful lives as follows, except in the year of acquisition, when one half of the rate is used. Management reviews the estimates of useful lives of the assets every year and adjusts them on a prospective basis, if needed.

Asset category	**Depreciation method**	**Estimated useful life**
Printing and production plates	Declining balance	5 years
Furniture and equipment	Declining balance	5 years
Warehouse equipment	Declining balance	5 years
Computer equipment	Declining balance	3 years
Software	Declining balance	5 years
Leasehold improvement	Straight line	3 – 7 years
Fixtures at customer locations	Straight line	4 years

i) 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.

4. Significant Accounting Policies – continued

i) Intangible assets - continued

A summary of useful lives is as follows:

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

j) 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.

k) 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.

4. Significant Accounting Policies – continued

k) Income taxes - continued

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.

l) Investment tax credits

The Company applies for investment tax credits in relation to qualifying scientific research and experimental development expenditures incurred. Only when the Company has reasonable assurance that these investment tax credits will be received are they recognized and accounted for as a reduction in the related expenditure for items of a current expense nature.

m) Loss per share

The loss per share calculation is based on the weighted average number of common shares issued and outstanding during the year. The diluted loss per share is calculated using the treasury stock method. The treasury stock method assumes that outstanding stock options, warrants, broker units and similar instruments with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the year.

The if-converted method, which applies to convertible securities, assumes that all such instruments have been converted in determining diluted earnings per share if they are in-the-money except where such conversion would be anti-dilutive.

n) Stock-based compensation

The Company measures equity-settled stock-based payments to employees and others, providing similar services, at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is calculated using the Black-Scholes option valuation model and is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of equity instruments that will be expected to vest, and is credited to contributed surplus.

o) Segment reporting

The Company's CEO was identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's management system. The Company has determined that it only has one operating segment, which is creating natural food products and brands for sale into the Canadian natural food industry. For the years ending March 31, 2017 and 2016 substantially all of the Company's assets were located in and substantially all the company's revenues were earned in Canada.

4. Significant Accounting Policies – continued

p) 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.

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.

Amendments to IFRS 2 - Share-based Payments
In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payments (IFRS 2), clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification from cash-settled to equity-settled. The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently in the process of reviewing the standard to determine the impact on the annual 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.

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

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 15 (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 $5.3 million. The Share Split was completed prior to the closing of this private placement. The Company incurred cash transaction costs of $449 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 15 (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 were 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
Total net assets acquired	**$**	**169**
Notional price paid for Aumento shares	$	1,094
Fair value of Aumento management options (Note 15(c)(i))		46
Fair value of Aumento agent options (Note 15(c)(ii))		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 $110 during the year ended March 31, 2016 (2017 - $nil). These costs are expected to be non-recurring and were recorded as professional fees in the consolidated 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:

- $2,100 cash;
- $1,250 in common shares issued at a price of $1.05 per share;
- $810 in vendor take back notes valued up to $900 ("LCO VTB Notes") which initially had a term of 1 year and an interest rate of 9%. The LCO VTB Notes have been discounted using a discount rate of 16% which represents the time value of money. 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 were exercisable for a period of one year at a price of $1.00 per Common Share. The LCO VTB 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 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 were secured against the assets of the Company and Love Child. The LCO VTB Notes were classified as loans from related parties on the consolidated statements of financial position.

  On March 22, 2016, $100 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.

  The LCO VTB Notes were fully repaid during the year ended March 31, 2017. See Note 18.

- $232 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; and

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

6. Business Combinations - continued

(i) Acquisition of Love Child (Brands) Inc. ("Love Child")- continued

- $557 in earn-out shares valued up to $750 ("Earn-out Shares"), issuable after the financial results from the quarter-ended September 30, 2017 are publicly released. The Earn-out Shares were discounted using a discount rate of 16% which represents the time value of money. 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 March 31, 2017, the probability of Love Child achieving those gross revenue targets were set at 100%. The Earn-out Shares were classified as loans from related parties on the consolidated statements of financial position (see Note 18).

In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The 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		
Customer relationships (Note 10)		1,360
Brand (Note 10)		1,730
Product recipes (Note 10)		200
Deferred tax liability		(360)
Fair value of goodwill	$	2,939

6. Business Combinations - continued

The Company finalized its assessment of the purchase price allocation during the quarter ended September 30, 2016. This resulted in an adjustment being booked to the previously presented March 31, 2016 balance sheet between goodwill and intangible assets. The allocation of the consideration paid remained consistent with the initial valuation. Intangible assets of customer relations, brand name, product recipes and goodwill have been separately accounted for. Customer relationships are 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 year 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:

- $7,500 cash;
- $3,000 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 were 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;
- $230 vendor take back note valued up to $250 ("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 was discounted using a discount rate of 16% which represents the time value of money and it were classified as a loan from related parties on the consolidated statements of financial position (Note 18);
- 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, the Net Working Capital Settlement resulted in a payable of $293 which was classified as a loan from related parties on the consolidated statements of financial position (Note 18);

6. Business Combinations - continued

- Earn-out consideration valued at up to $1,500 ("Earn-out Consideration") was discounted using a discount rate of 16% which represents time value of money. The discounted value of $1,262 was classified as a loan from related parties on the consolidated statements of financial position. 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 was to be settled in cash and any remainder in common shares valued at the 20-trading day volume weighted average price prior to issuance. See Note 18.
- $4,500 in Deferred Consideration ("Deferred Consideration") was discounted using a discount rate of 16%, which represents the time value of money, and the discounted value of $3,834 was classified as loan from related parties on the consolidated statements of financial position. The Company and the former shareholders of Central Roast 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 was to be settled with:
  - $3,600 in cash;
  - $792 million in common shares, each common share valued at the 20-trading day volume weighted average price prior to issuance; and
  - $108 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.

$1,600 of the Deferred Consideration was secured by a personal guarantee from the Company's Chief Executive Officer ("CEO"). The Deferred Consideration was discounted using a discount rate of 16% which represents the time value of money and was classified as a loan from related parties on the consolidated statements of financial position (Note 18).

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

6. Business Combinations - continued

In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The 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 18)		(793)
Loan payable – TD Equipment Finance (Note 13)		(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		(2,948)
Fair value of goodwill	$	7,833

The Company finalized its assessment of the purchase price allocation during the quarter ended December 31, 2016. This resulted in an adjustment being booked to the previously presented March 31, 2016 balance sheet between goodwill and intangible assets. 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 were 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 $2,948 was set up to account for the temporary differences on amortization of the identified intangible assets using an expected tax rate of 26.5%. This was also adjusted in the previously presented March 31, 2016 balance sheet.

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.

6. Business Combinations - continued

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.

(iii) Acquisition of Nothing But Nature Inc. ("Nothing But Nature")

On January 18, 2017, the Company completed a share acquisition of 100% of the outstanding common shares of Nothing But Nature. Nothing But Nature owns the Kiju brand and sells a wide variety of organic juices and drinks throughout Canada and select USA customers. The brand focuses on providing consumers with sustainable, healthy drinks without compromising quality and taste.

The aggregate purchase price for Nothing But Nature was comprised of:

- $6,216 cash;
- $2,664 million in GreenSpace common shares ("Share Consideration"), each common share issued at a price of $1.27 per share;
- Earn-out consideration valued at up to $1,000 ("Earn-out Consideration"). The Earn-out Consideration are contingent on the annualized net revenue for the twelve-month period ended December 31, 2017 exceeding certain revenue thresholds. The Earn-out Consideration will be settled in common shares valued at the lower of the 20 day volume weighted average price before and after the announcement date of the Company's December 31, 2017 quarterly financial results. At January 18, 2017 and March 31, 2017, the probability of Nothing But Nature achieving those net revenue targets was determined to be likely with a value of $330. Discounted at a rate of 16%, which represents time value of money, $288 was classified as loan from related parties on the consolidated statements of financial position (Note 18);

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

6. Business Combinations - continued

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	$	6,216
Share Consideration		2,664
Earn-out Consideration		288
Total purchase price		9,168
Fair Value of assets acquired and liabilities assumed:		
Cash	$	316
Accounts receivable (net allowance of $77)		785
Inventory		856
Income tax receivable		8
Prepaid expenses		3
Property, plant and equipment		48
Accounts payable and accrued liabilities		(1,252)
Total net assets acquired and liabilities assumed		764
Goodwill and other intangible assets	$	8,404

The goodwill and other intangible assets relate to Nothing But Nature's brand name, customer relationships, supplier relationships and assembled workforce. As of March 31, 2017 the allocation of the purchase consideration has not been finalized and is currently based on preliminary estimates in regards to the fair value of the assets acquired and the contingent consideration paid. 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. It is expected that the customer relationships and supplier relationships will be valued over a period of 10 years and 5 years, respectively, which Management considers reasonable useful lives.

Financing for the acquisition was completed through a private equity placement and a short-form prospectus public equity completed in January 2017 (See Note 15).

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

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 years ended March 31, 2017 and 2016:

	Year ended March 31, 2017 $	Year ended March 31, 2016 $
Net revenue	**108**	254
Cost of goods sold	**362**	525
Gross profit	**(254)**	(271)
Expenses	**249**	383
Loss from discontinued operations, net of tax	**(503)**	(654)
Loss attributed to common shareholders	**(503)**	(654)

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 March 31, 2017 (March 31, 2016 - $53) and current liabilities of $54 as at March 31, 2017 (March 31, 2016 - $nil). 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 years ended March 31, 2017 and 2016:

	Year ended March 31, 2017 $	Year ended March 31, 2016 $
Cash flows from operations	**(183)**	(654)
Cash flows from financing activities	**-**	

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

8. Inventory

Inventory consists of:

	March 31, 2017	March 31,2016
	$	$
Raw materials	**544**	61
Packaging	**936**	1,046
Finished goods	**3,668**	2,372
Total	**5,148**	3,479

Included in cost of goods sold is a provision for inventory amounting to $542 for the year ended March 31, 2017 (2016 - $394)

The amount of inventory recognized as an expense in cost of goods sold was $28,218 for year ended March 31, 2017 (2016 - $8,582).

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

9. Property, Plant and Equipment

	Furniture and equipment	Leasehold improvements	Computer equipment	Software	Fixture at customer locations	Printing and production plates	Warehouse equipment	Design	Total
Cost									
Balance, March 31, 2015	-	-	-	-	-	-	-	-	-
Additions	256	-	1	-	-	-	20	-	277
Acquired through business combintion (note 6)	30	70	47	31	19	117	401	-	715
Balance, March 31, 2016	286	70	48	31	19	117	421	-	992
Acquired through business combination	4	-	-	-	-	-	-	44	48
Additions	61	14	39	-	18	29	66	-	227
Disposals	-	(26)	(1)	-	-	-	-	-	(27)
Balance, March 31, 2017	351	58	86	31	37	146	487	44	1,240
Accumulated depreciation									
Balance, March 31, 2015	-	-	-	-	-	-	-	-	-
Depreciation for the year	17	4	3	3	1	3	10	-	41
Acquired through business combintion (note 6)	10	42	27	17	4	33	102	-	235
Balance, March 31, 2016	27	46	30	20	5	36	112	-	276
Depreciation for the year	63	11	24	4	9	22	74		207
Disposals	-	(20)	-	-	-	-	-		(20)
Balance, March 31, 2017	90	37	54	24	14	58	186	-	463
Net book value									
Balance, March 31, 2016	259	24	18	11	14	81	309		716
Balance, March 31, 2017	261	21	32	7	23	88	301	44	777

Depreciation expense charged to the consolidated statement of operations and comprehensive loss in general and administrative expense for the year ended March 31, 2017 was $207 (2016 - $42).

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

10. Intangible Assets

	Customer Relationship	Brand	Product recipes	Non-Compete Agreement	Total
Cost					
Balance, March 31, 2015	-	-	-	-	-
Acquired through business combination (Note 6)	7,790	5,780	200	680	14,450
Balance, March 31, 2016	7,790	5,780	200	680	14,450
Additions	-	285	-	-	285
Balance, March 31, 2017	7,790	6,065	200	680	14,735
Accumulated amortization					
Balance, March 31, 2015	-	-	-	-	-
Amortization	124			19	143
Balance, March 31, 2016	124	-	-	19	143
Amortization	813			227	1,040
Balance, March 31, 2017	937	-	-	246	1,183
Net book value					
As at March 31, 2016	7,666	5,780	200	661	14,307
Balance, March 31, 2017	6,853	6,065	200	434	13,552

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.

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

11. Bank Overdraft - continued

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.

At March 31, 2016, $998 was drawn on these consolidated revolving credit facilities and this balance were 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 (Note 14).

12. Accounts Payable and Accrued Liabilities

	2017	2016
	$	$
Trade payables	**5,269**	4,379
Accrued liabilities	**281**	338
Accrued wages and benefits	**170**	171
Total	**5,720**	4,888

Accrued liabilities include interest accrued on loans, professional fees accrual and bonus accrual.

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

13. Loans Payable

	March 31 2017 $	March 31, 2016 $
BDC Loans		
BDC loan payable, interest at BDC's floating base rate plus 1% per annum, repayable in payments of principal of $1 monthly plus interest (payable monthly), maturing November 2018	**21**	33
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of principal of $2 monthly plus interest (payable monthly), maturing February 23, 2019	**49**	69
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of principal of $1 monthly plus interest (payable monthly), maturing February 23, 2022	**68**	81
Bridge Loan (net of fees)	**-**	1,578
TD Equipment Finance	**100**	131
	238	1,892
Less amounts due within one year	**71**	1,649
Loans payable - non-current	**167**	243

Bridge Loan
On March 22, 2016, the Company entered into a loan agreement with a syndicate of lenders 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 $108, 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 entitled 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 $330 and these costs are being amortized as interest expense over the one-year term of the facility.

The Bridge Loan was repaid on September 2, 2016 with the closing of the September 2016 Short Form Prospectus. An accelerated accretion expense on the capitalized costs $323 was recognized within the consolidated statement of operations and comprehensive loss for the year ended March 31, 2017 (2016: $nil).

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

13. Loans Payable - continued

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 150. The first loan payable was for $50 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 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 $100 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 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:

2018	71
2019	67
2020	47
2021	35
2022	13
Thereafter	5
	238

14. 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.

Proceeds from the ABL 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.

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

14. Long Term Debt - continued

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.

The ABL Facility is secured by substantially all of the assets of the Company and contains a standard fixed charge coverage financial covenant of 1.1:1. Effective March 31, 2017, the fixed charge coverage covenant was amended to allow the Company to add back unfinanced capital expenditures, debt repayments or listing fees that were financed with equity in calculating the covenant. At March 31, 2017, the Company was in compliance with this financial covenant.

15. 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 equity placements (i)	5,771,467	7,138
Shares issued from Central Roast 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 September 2016 Short Form Prospectus (ii)	6,210,000	7,017
Shares issued for repayment of loan from related parties (iv)	1,202,686	1,492
Shares issued from Nothing But Nature Equity Raise (v)	7,085,417	8,503
Shares issued for business combination (Note 6)	2,097,638	2,664
Shares issued for convertible loan (Note 18)	521,739	600
Exercise of options (Note 15 (c)(viii))	41,618	40
Exercise of warrants (Note 15 (d)(vii)	1,778,750	1,776
Share issuance costs (iii)	-	(1,390)
Balance at March 31, 2017	**54,787,510**	**43,185**

(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 $5,300.

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 share and one quarter of one common share purchase warrant. The Company raised gross proceeds of $1,061 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 $78 (see Note 15(d)).

15. Share Capital - continued

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 $907. 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 $53 (see Note 15(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 $8,925. 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 $762 (see Note 15(d)).

On September 2, 2016, the Company completed a bought deal short form prospectus offering (“September 2016 Short Form Prospectus”) of 6,210,000 common share at an issue price of $1.13 per share for aggregate gross proceeds of $7,017.

(iii) On April 30, 2015, in closing its Qualifying Transaction, the Company incurred cash transaction costs of $449 and also issued 262,501 agent options which were fair valued at $187 (see Note 15(c)(iii) below).

On October 19, 2015, in closing its first tranche of private placement, the Company incurred cash transaction costs of $69 and also issued 20,556 broker warrants which were fair valued at $6 (see Note 15(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 15(d))

On February 25, 2016, in consideration for the services of the Underwriters in connection with the offering (“Central Roast Short Form Prospectus”), GreenSpace paid a cash commission of $453 and issued 487,321 broker warrants fair valued at $94 (see Note 15(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 15(d)) were issued as part of an advisory fee owing in relation to the Central Roast Short Form Prospectus and cash commissions of $83, of which $41 was a payable as of March 31, 2016. In closing its Central Roast Short Form Prospectus, the Company incurred professional fees for $418, of which $225 was settled with units.

On September 2, 2016, the Company paid $421 to the Underwriters for their services and $230 paid to legal counsels for completion of the September 2016 Short Form Prospectus.

On January 10, 2017, the Company paid $598 to the Underwriters for their services and $141 paid to legal counsels for completion of the Nothing But Nature Equity Raise.

(iv) On October 7, 2016, the Company issued $1,192 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.

On February 25, 2017, the Company issued $300 in 196,572 common shares based on the 20-day volume weighted average trading price (“VWAP”) as part of the settlement of the Earn-Out Consideration for acquisition of Central Roast. See Note 6.

15. Share Capital - continued

(v) On January 10, 2017, the Company closed a bought deal, public equity offering and private equity placement to sell 7,085,417 common shares of the Company at a price of $1.20 per share (the "Nothing But Nature Equity Raise ") for aggregate gross proceeds of $8,502.

A total of 7,085,417 common shares were sold pursuant to the Nothing But Nature Equity Raise, 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 issued by way of a short form prospectus filed in each of the Provinces of Canada (other than Quebec) and in the United States. An aggregate of 2,916,667 common shares were issued by way of a private equity placement.

(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.

As of March 31, 2017, 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.

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

15. Share Capital - continued

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	1.50
Aumento Agent Options (ii)	50,715	50,715	$1.20	-
Granted Broker Options (iii)	262,501	262,501	$1.36	0.08
Granted to Directors (iv)	482,353	160,784	$0.96	8.13
Granted to Management (v)	548,826	109,765	$0.96	8.20
Expiry of Aumento Agent Options (ii)	(50,715)	(50,715)	$1.20	-
Granted Agent Options (vi)	55,000	55,000	$1.24	1.55
Balance, March 31, 2016	1,429,144	668,514	$1.06	7.02
Expiry of Aumento Management Options (i)	(40,232)	(40,232)	$1.20	-
Granted Employees Options (vii)	473,917	-	$1.11	9.01
Exercise of Employees Options (viii)	(41,618)	(41,618)	$0.96	-
Cancellation of Employees Options (ix)	(84,894)	(84,894)	$0.95	-
Balance, March 31, 2017	**1,736,317**	**501,770**	**$1.01**	**8.36**

(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 were exercised. Remainder of the options will expire September 16, 2018.

15. Share Capital - continued

(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. These options were fully exercised subsequent to year end (see Note 24).

(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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $89 (2016 - $137).

(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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $47 (2016 - $96).

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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $5 (2016 - $5).

15. Share Capital - continued

(v) 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 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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $18 (2016 - $12).

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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $7 (2016 - $3).

(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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $7 (2016 - $4).

(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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $12 (2016 - $nil).

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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $2 (2016 - $nil).

15. Share Capital - continued

(vii) 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. Stock-based compensation expense recognized for the year ended March 31, 2017 was $2 (2016 - $nil).

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 181,801 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. The options were valued on February 8, 2017, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.55%, expected volatility of 41% and an expected life of 5 to 8 years. The value attributed to the 181,801 options was $151 and these options are being expensed using a graded vesting method over the five-year vesting period. Stock-based compensation expense recognized for the year ended March 31, 2017 was $10 (2016 - $nil).

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

15. Share Capital - continued

(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	1.59
Warrants issued to brokers (ii)	27,800	27,800	8	1.20	1.58
Warrants issued for acquisition (iii)	2,380,952	1,666,666	488	1.15	2.50
Vendor take back warrants (iv)	225,000	225,000	72	1.00	0.99
Warrants issued from short form prospectus (v)	5,468,853	5,468,853	859	1.17	2.81
Warrants issued from debt financing (vi)	1,520,000	1,520,000	134	0.85	0.98
Balance as of March 31, 2016	10,091,210	9,376,924	1,692	1.12	2.36
Warrants exercised (i), (iv), (v), (vi)	(1,778,750)	(1,778,750)	(214)	0.88	-
Balance as of March 31, 2017	**8,312,460**	**7,598,174**	**1,478**	**1.17**	**1.65**

(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%.

51,250 of these warrants were exercised during the year ended March 31, 2017.

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%.

15. Share Capital - continued

(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%.

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:

a. 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%.

   7,500 of these warrants were exercised during the year ended March 31, 2017.

b. 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 (Notes 13 and 14). 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. The remaining 1,370,000 warrants were exercised during the quarter ended March 31, 2017.

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

16. Income Taxes

(a) Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rate is as follows:

	Year-ended March 31, 2017	Year-ended March 31, 2016
Net income (loss) before recovery of income taxes	**(3,247)**	(5,394)
Expected income tax (recovery) expense	**(862)**	(1,429)
Tax rate changes and other adjustments	**-**	9
Non-deductible expenses	**480**	513
Tax effect of acquired intangibles	**(276)**	(680)
Change in tax benefits not recognized	**382**	1,549
Income tax (recovery) expense	**(276)**	(38)

(b) Deferred Taxes

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended March 31, 2017	Year ended March 31, 2016
	$	$
Property, plant and equipment	**-**	24
Non-capital losses carried forward	**13,665**	9,821
Share issuance costs	**2,032**	1,236
Donations, Other temporary differences, Ontario Research and Development Tax Credit	**251**	214

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

16. Income Taxes - continued

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2021.

The Ontario Research and Development Tax Credit expires between 2029 and 2034.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of any of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2026	383
2027	718
2028	303
2029	421
2030	182
2031	700
2032	361
2033	842
2034	2,094
2035	1,454
2036	3,512
2037	2,695
	13,665

(c) Income taxes recoverable

The Scientific Research and Experimental Development Tax Credits (“SR&ED”), offered by the Government of Canada and the Ontario Innovation Tax Credit (“OITC”) and Ontario Research and Development Tax Credit (“ORDTC”) offered by the Ontario Provincial Government are awarded for expenditures on research and development. The tax credits relating to research are recorded as a reduction of salary and benefits, as they generally related to labour costs.

The SR&ED, OITC and ORDTC tax credits are based on the Company having incurred expenses which in management’s opinion qualify as research and development costs under the Income Tax Act of Canada. These expenses are subject to review and approval by the Canada Revenue Agency and accordingly, the actual credits received may differ from the recorded amounts. Any such adjustments will be made in the year in which the refunds are received or applied against future income taxes due.

Deferred tax liabilities were recognized for the amortization on the acquired intangible assets for the acquisitions of Love Child and Central Roast (Note 6). For the year ended March 31, 2017, the Company recorded an income taxes recoverable amount of $276 (2016 - $38) due to the amortization of intangible assets.

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

17. Interest Expense

	2017	2016
	$	$
Interest on related party loans	**81**	55
Interest on loans payable	**252**	20
Interest on long term debt	**81**	-
Bank charges and other interest	**71**	63
	485	138

18. Related Party Balances and Transactions

Loans from Related Parties

	March 31, 2017	March 31, 2016
	$	$
Love Child VTB Notes (i)	**-**	816
Love Child Earn-out Shares (ii)	**666**	557
Central Roast VTB (iii)	**-**	211
Central Roast Net Working Capital Settlement (iv)	**-**	293
Central Roast Earn-out Consideration (v)	**427**	1,281
Central Roast Deferred Consideration (vi)	**-**	3,912
Central Roast loan from related parties at purchase (vii)	**-**	793
Promissory note to shareholder (viii)	**-**	400
Nothing But Nature Earn-Out Consideration (ix)	**298**	-
	1,391	8,263
Less amounts due within one year	**1,391**	4,432
Loans from related party - non current	**-**	3,831

i) Love Child VTB Notes was fully repaid on September 2, 2016 with the closing of September 2016 Short Form Prospectus.

ii) At March 31, 2016 and at March 31, 2017, the probability of Love Child achieving those gross revenue targets were set at 100%. The Earn-out Shares are issuable after the financial results from the quarter-ended September 30, 2017 are publicly released. Discounted at the rate of 16%, accretion expense recognized within the year ended March 31, 2017 is $108 (2016 - $nil).

iii) Central Roast VTB was fully repaid during the year ended March 31, 2017 with equal monthly instalments. Accretion expense recognized within the year ended March 31, 2017 is $20 (2016 - $nil)

iv) Central Roast Net Working Capital Settlement was fully repaid by July 2016.

18. Related Party Balances and Transactions

Loans from Related Parties - continued

v) Earn-out consideration valued at up to $1,500 was discounted to be $1,262 with discount rate of 16%.

On February 25, 2017, the Earn-out Consideration was revalued to be $1,228 and was settled as follows:

- $500 in cash;
- $300 in common shares; each common share valued at the 20-trading day volume weighted average price prior to issuance;

Subsequent to March 31, 2017, the remaining $427 earn-out obligation was settled with the issuance of 263,714 Common Shares at a price of $1.62 per share. The Common Shares were valued at the 20-trading day volume weighted average trading price prior to the required issuance date. Accretion expense recognized for the year is $219 (2016 - $nil).

vi) $4,500 in Deferred Consideration were discounted using a discount rate of 16% with a value of $3,834. On September 2, 2016, $1,100 of the Deferred Consideration was repaid with the closing of September Equity Financing.

With the closing of ABL Facility (Note 14) on October 7, 2016, the remainder of the Deferred Consideration was repaid as follows:

- $2,100 in cash;
- $400 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.
- $792 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.
- $108 of unit warrant was repaid in cash.

An accelerated accretion expense of $589 was recognized within the consolidated statement of operations and comprehensive loss for the year ended March 31, 2017 (2016: $nil).

vii) As part of the acquisition of Central Roast (see Note 6(ii)), the Company acquired two loans totaling $862 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. The loans were discounted using a discount rate of 16% with a value of $793. These two acquired loans were 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 2016 Short Form Prospectus. Accretion expense recognized for the year is $69 (2016 - $nil).

18. Related Party Balances and Transactions - continued

Loans from Related Parties - continued

viii) 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. The notes were converted into 521,739 common shares on March 2, 2017.

ix) Nothing But Nature Earn-out consideration will be settled in common shares before March 31, 2018. Earn-out amount of $331 discounted at 16% to be $289 as of January 18, 2017. Accretion expense recognized for the year was $10 (2016 - $nil).

Transactions with Related Parties

The Company has a lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of $120 during year ended March 31, 2017 (2016 – $60).

The Company has an outstanding balance of $159 at March 31, 2017 (March 31, 2016 - $169) 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 March 31, 2017, $220 (March 31, 2016 - $161) was due to that meat broker. The balance was included in accounts payable and accrued liabilities. For the year ended March 31, 2017 total purchases from that meat broker amounted to $1,871 (2016 - $581). 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 March 31, 2017, $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.

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)	**Years ended**	
	March 31, 2017	March 31, 2016
Salary and director fees	**$775**	$799

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

19. 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.

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.

20. Expenses by Nature

	2017	2016
Raw materials and consumables used	**28,218**	8,582
Storage and delivery	**1,749**	636
Salaries and benefits	**3,040**	1,668
Advertising and promotion	**1,017**	575
Professional fees	**530**	1,284
Stock-based compensation	**198**	257
Amortization of intangible assets	**1,040**	143
Reverse take-over listing fee	**-**	991
Other expenses	**2,504**	602
	38,296	14,738

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

21. Changes in Non-Cash Working Capital

	2017	2016
HST receivable	**(81)**	(165)
Accounts receivable	**(1,745)**	(899)
Prepaid expenses	**135**	(306)
Inventory	**(1,355)**	(318)
Accounts payable and accrued liabilities	(482)	211
HST payable	**196**	-
	(3,332)	(1,477)

22. 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 year ended March 31, 2017, the Company had two (2016 - four) customers representing over 10% of total revenue for an aggregate of approximately 38% (2016 – 53%) 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 March 31, 2017, $297 (March 31, 2016 - $402) of accounts receivable are past due but have been determined not to be impaired.

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

22. Financial Risk Management - continued

(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 March 31, 2017 are as follows:

	Carrying value $	Contractual cash flows $	Payable in 1 year $	2-5 years $
Accounts payable and accrued liabilities	5,720	5,720	-	-
Loans from related party	1,391	-	-	-
Loans payable	238	238	71	167
Long term debt	3,147	3,147	-	3,147
	10,496	9,105	71	3,314

(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.

23. 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.

24. Subsequent Events

Stock Option Grant

On June 21, 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 91,909 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 $1.27 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.

Exercise of Options and Warrants

Subsequent to March 31, 2017, the Company had 262,501 Broker Options exercised (Note 15(c)(iii)) resulting in the issuance of 262,501 additional common shares for cash proceeds of $357.

Subsequent to March 31, 2017, the Company had 351,629 Warrants exercised (Note 15(d)) resulting in the issuance of 351,629 additional common shares for cash proceeds of $385.