Condensed Consolidated Interim Financial Statements of

GREENSPACE BRANDS INC.

For the three and six month periods ended September 30, 2015 and 2014

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

GreenSpace Brands Inc.

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For the three and six month periods ended September 30, 2015 and 2014

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)
(expressed in Canadian dollars)

	September 30, 2015 $	March 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	**1,365,729**	-
Accounts receivable, net of allowance for doubtful accounts of $174,410 (March 31, 2015 - $331,167)	**885,166**	528,029
HST receivable	**49,078**	62,358
Prepaid expenses and other assets (note 6)	**113,625**	27,102
Inventory (note 7)	**1,345,846**	929,575
Due from related parties (note 11)	**21,860**	-
Total current assets	**3,781,304**	1,547,064
Liabilities		
Current liabilities		
Bank overdraft (note 8)	**-**	292,677
Accounts payable and accrued liabilities (note 11)	**1,052,055**	1,686,721
Due to related parties (note 11)	**-**	519,101
Loans payable (note 9)	**12,480**	32,484
	1,064,535	2,530,983
Loans payable – non-current (note 9)	**27,040**	106,628
Total liabilities	**1,091,575**	2,637,611
Shareholders' equity (deficit)		
Share capital (note 10)	**9,374,479**	3,616,634
Contributed surplus (note 10(c))	**369,241**	-
Accumulated deficit	**(7,053,991)**	(4,707,181)
	2,689,729	(1,090,547)
Total liabilities and shareholders' equity (deficit)	**3,781,304**	1,547,064

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

Approved by the Board:

Matthew von Teichman-Logischen
Chairman

James Haggarty
Director

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

For the three and six month periods ended September 30, 2015 and 2014

(unaudited)

(expressed in Canadian dollars)

	Three months ended		Six months ended	
	2015	2014	**2015**	2014
	$	$	**$**	$
Revenue	**1,733,474**	756,910	**3,179,728**	1,374,403
Cost of goods sold (note 11)	**1,419,599**	588,383	**2,660,966**	1,075,079
Gross profit	**313,875**	168,527	**518,762**	299,324
Expenses				
General and administrative (note 11)	**116,497**	39,530	**239,374**	74,912
Storage and delivery	**118,280**	33,199	**195,425**	67,246
Salaries and benefits (note 11)	**361,693**	162,681	**684,558**	298,415
Advertising and promotion	**226,301**	116,808	**347,463**	194,805
Professional fees	**150,948**	1,590	**272,424**	8,298
Stock-based compensation (note 10)	**77,285**	-	**115,748**	-
Reverse take-over listing fee (note 4)	-	-	**991,454**	-
Total expenses	**1,051,004**	353,808	**2,846,446**	643,676
Net loss before interest and accretion and changes in fair value of derivative liability	**(737,129)**	(185,281)	**(2,327,684)**	(344,352)
Interest and accretion expense (notes 9 and 11)	**6,936**	23,408	**19,126**	44,329
Change in fair value of derivative liability (notes 10 (c))	-	(1,657)	-	(3,086)
Net loss from continuing operations before income taxes	**(744,065)**	(207,032)	**(2,346,810)**	(385,595)
Income tax expense (recovery)	-	-	-	-
Net loss from continuing operations	**(744,065)**	(207,032)	**(2,346,810)**	(385,595)
Loss from discontinued operations, net of income taxes (note 5)	-	-	-	2,229
Net loss and comprehensive loss	**(744,065)**	(207,032)	**(2,346,810)**	(387,824)
Net income attributed to non-controlling interest	-	-	-	460
Net loss and comprehensive loss attributed to common shareholders	**(744,065)**	(207,032)	**(2,346,810)**	(387,364)
Net loss per share				
Basic and diluted from discontinued operations	-	-	-	-
Basic and diluted from continuing operations	**(0.04)**	(0.02)	**(0.13)**	(0.03)
Weighted average number of shares basic and diluted	**19,407,594**	11,956,481	**18,636,822**	11,612,521

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

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)
(*unaudited)*
(*expressed in Canadian dollars*)

	Share capital Number	Share capital Amount $	Contributed Surplus $	Accumulated Deficit $	Non-controlling Interest $	Total Shareholders' Equity (Deficit) $
March 31, 2015	3,369,415	3,616,634	-	(4,707,181)	-	(1,090,547)
Share split as part of qualifying transaction (note 4)	11,336,470	-	-	-	-	-
Reverse take-over transaction (note 4)	804,650	1,094,324	66,511	-	-	1,160,835
Shares issued upon private placement	3,897,059	5,300,000	-	-	-	5,300,000
Share issuance costs (note 4 and 10)	-	(636,479)	186,982	-	-	(449,497)
Issuance of share options	-	-	115,748	-	-	115,748
Net loss attributable to common shareholders	-	-	-	(2,346,810)	-	(2,346,810)
September 30, 2015	**19,407,594**	**9,374,479**	**369,241**	**(7,053,991)**	**-**	**2,689,729**
March 31, 2014	2,536,346	2,164,312	14,064	(2,971,030)	(82,784)	(875,438)
Shares issued upon private placement	203,125	325,000	-	-	-	325,000
Issuance of convertible promissory notes	-	-	6,165	-	-	6,165
Net loss attributable to common shareholders	-	-	-	(387,364)	-	(387,364)
Net loss attributable to non-controlling interest	-	-	-	-	(460)	(460)
September 30, 2014	2,739,471	2,489,312	20,229	(3,358,394)	(83,244)	(932,097)

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

GreenSpace Brands Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the six month periods ended September 30, 2015 and 2014
(unaudited)
(*expressed in Canadian dollars*)

	2015 **$**	2014 $
Cash flow from operating activities		
Loss and comprehensive loss	**(2,346,810)**	(387,824)
Items not affecting cash:		
Stock-based compensation	**115,748**	-
Reverse take-over listing fees	**991,454**	-
Interest and accretion expense	**19,126**	44,329
Inventory provision	**120,829**	-
Accretion of discount on convertible promissory notes	-	9,972
Change in fair value of derivative liability	-	(3,086)
Changes in non-cash working capital:		
HST receivable	**13,280**	38,181
Accounts receivable	**(357,136)**	(295,586)
Prepaid expenses and other assets	**(86,523)**	-
Income taxes recoverable	-	10,533
Inventory	**(537,100)**	(202,584)
Accounts payable and accrued liabilities	**(634,666)**	225,325
Total cash utilized in operating activities	**(2,701,798)**	(560,740)
Cash flow from financing activities		
(Decrease) increase in bank overdraft	**(292,677)**	1,090
Proceeds from issuance of common shares, net	**4,850,503**	325,000
Proceeds from issuance of convertible promissory notes	-	100,000
Repayment of advances from related party	**(540,961)**	-
(Repayment of) Proceeds from loans payable	**(99,593)**	150,000
Cash acquired from reverse take-over (note 4)	**169,381**	-
Interest paid	**(19,126)**	(44,329)
Total cash provided by financing activities	**4,067,527**	531,761
Increase (decrease) in cash and cash equivalents	**1,365,729**	(28,979)
Cash and cash equivalents, beginning of the period	-	28,979
Cash and cash equivalents, end of the period	**1,365,729**	-

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

1. Nature of Operations

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

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

GreenSpace Brands Inc. ("GreenSpace" or the "Company") is an organic and natural food company whose principal business is to create natural food products and brands for sale into the Canadian natural food industry. The Company's main brands include Life Choices Natural Foods, Rolling Meadow Dairy, Grandview Farms and Holistic Choice Pet Food.

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. ("Love Child"). Love Child is a Canadian-based producer of 100% organic food for infants and toddlers. Love Child's mission is to bring to market only the purest, most natural and nutritionally-rich food, boosted by superfoods such as Quinoa, Acerola and Chia and without the addition of any synthetic preservatives, refined sugars or other additives. For more details on the acquisition, refer to note 16.

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

The head office of the Company is 178 St. George Street, Toronto, Ontario, Canada M5R 2M7.

2. Basis of Presentation and Statement of Compliance

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the Company's annual audited financial statements; thus, these consolidated interim financial statements are referred to as condensed. Further, these condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2015.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as set out in the Company's audited consolidated financial statements for the year ended March 31, 2015. The generally accepted accounting principles used by the Company are International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and these condensed consolidated interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Changes in Accounting Policies / Future Accounting Policy Changes

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous fiscal year.

Future Changes in Accounting Policies
The Company is currently evaluating the adoption of the following new and revised standards. Any changes will be made in accordance with the applicable transitional provisions.

IFRS 9 – Financial Instruments
On July 24, 2014, the IASB issued the final version of IFRS 9 Financial Instruments (IFRS 9), which replaces IAS 39 Financial Instruments: Recognition and Measurement. This final version of IFRS 9 represents the completion of the IASB's project on financial instruments and it includes the requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This final version of IFRS 9 supersedes all prior versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company currently intends to adopt the standard on its effective date and is evaluating the impact on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers
On May 28, 2014, the IASB published IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18, Revenues. The principle of this new standard is to recognize revenue to depict the transfer of goods or services to a client, for an amount which reflects the payment that the entity expects to receive in exchange for those goods and services. Revenue is recognized and measured using a five-step model. The new standard also introduces additional disclosures. This new standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company currently intends to adopt the standard on its effective date and is evaluating the impact on its consolidated financial statements.

(expressed in Canadian dollars)

4. 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 10 (c)(i and ii);
- Each outstanding common share of Life Choices was exchanged for 4.364521 GreenSpace common shares ("Share Split");
- 804,650 GreenSpace common shares were issued to Aumento shareholders.

Concurrent Financing
Concurrent with the closing of the Qualifying Transaction, Life Choices completed a private placement of 3,897,059 common shares at a purchase price of $1.36 per share, for gross proceeds of $5,300,000. The Share Split was completed prior to the closing of this private placement. The Company incurred cash transaction costs of $449,497 in this transaction. As part of this private placement, the Company also issued 262,501 agent options, exercisable over a period of two years, at an exercise price of $1.36 (note 10 (c)(iii)).

Accounting
Although the Qualifying Transaction resulted in the amalgamation of Aumento and Life Choices, the Qualifying Transaction constituted a reverse take-over of Aumento and has been accounted for as a reverse take-over transaction in accordance with guidance provided in IFRS 2 Share-based Payment and IFRS 3 Business Combinations. As Aumento did not qualify as a business according to the definition in IFRS 3, the reverse take-over transaction does not constitute a business combination; rather, it is treated as an issuance of shares by Life Choices for the net monetary assets of Aumento.

The net assets of Aumento received were as follows:

Cash	$ 169,381
Total net assets acquired	**$ 169,381**
Notional price paid for Aumento shares	$ 1,094,324
Fair value of Aumento management options (note 10(c)(i))	46,398
Fair value of Aumento agent options (note 10(c)(ii))	20,113
Total purchase price	**$ 1,160,835**
Reverse take-over listing fee	**$ 991,454**

(expressed in Canadian dollars)

As well, the Company incurred professional fees associated with the reverse take-over totalling $35,914 and $110,545 during the three and six month periods ended September 30, 2015 (2014 - $nil). These costs are expected to be non-recurring and were recorded as professional fees on the condensed consolidated interim statement of operations. The notional price paid for the Aumento shares was determined based on the estimated fair value of common shares upon closing of the RTO transaction and concurrent financing.

5. Discontinued Operations

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

The following table summarizes the operations of the TEFG as classified as discontinued operations for the three and six month period ended September 30, 2014:

	Three month period ended September 30, 2014 $	Six month period ended September 30, 2014 $
Revenue	-	13,171
Cost of goods sold	-	7,424
Gross profit	-	5,747
Expenses	-	7,976
Loss from discontinued operations, net of tax.	-	(2,229)
Loss attributed to non-controlling interest	-	(460)
Loss attributed to common shareholders	-	(1,769)

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

TEFG had current assets of $7,211 as at September 30, 2015 (March 31, 2015 - $7,211) and current liabilities of $nil as at September 30, 2015 and March 31, 2015. TEFG did not have any non-current assets. These amounts have been treated as a disposal group for TEFG, but have not been classified as held-for-sale because their carrying amount will be principally recovered through continuing use, being the collection of cash and receivables, disposition of inventory and the settlement of liabilities.

The following table summarizes the net cash flows attributable to the discontinued operations for the six-month period ended September 30, 2014:

	Six month period ended September 30, 2014 $
Cash flows from operations	1,067
Cash flows from financing activities	-

(expressed in Canadian dollars)

6. Prepaid expenses and other assets

Prepaid expenses and other assets consists of:

	September 30, 2015 $	March 31, 2015 $
Prepaid expenses	**47,965**	27,102
Other assets	**65,660**	-
Total	**113,625**	27,102

Included in other assets is farm-sprouting equipment purchased during the three month period ended September 30, 2015. The equipment has not been amortized, as it has not yet been put into productive use.

7. Inventory

Inventory consists of:

	September 30, 2015 $	March 31, 2015 $
Raw materials	**137,412**	174,012
Packaging	**150,237**	133,022
Finished goods	**1,058,197**	622,541
Total	**1,345,846**	929,575

Included in cost of goods sold is a provision for inventory amounting to $73,973 for the three month period ended September 30, 2015 (2014 - $nil) and $120,829 for the six month period ended September 30, 2015 (2014 - $887).

The amount of inventory recognized as an expense in cost of goods sold was $1,416,944 for the three month period ended September 30, 2015 (2014 - $586,869) and $2,655,367 for the six month period ended September 30, 2015 (2014 - $1,070,797).

(expressed in Canadian dollars)

8. Bank Overdraft

After completing the Qualifying Transaction, the Company's entered into a new revolving credit facility which allowed the Company to borrow up to $500,000 in principal and is secured by a general security agreement from the Company. The facility is payable on demand bears interest at a prime borrowing rate plus 1.75% per annum and if drawn upon would be classified as Bank Overdraft on the consolidated statements of financial position.

Subsequent to September 30, 2015 the $500,000 overdraft facility was amended to allow the Company to borrow up to the lower of: i) $750,000 or ii) 75% of accounts receivable aged less than 90 days plus 15% of inventory up to $150,000. The amended facility is payable on demand and continues to bear interest at a prime borrowing rate plus 1.75% per annum.

In the prior year, the Company had a revolving credit facility that allowed the Company to borrow up to $300,000 in principal and was secured by a general security agreement from the Company. The Company's Chief Executive Officer ("CEO") provided a personal guarantee and also provided their personal residence as collateral for the overdraft facility. The previous facility was also payable on demand bearing interest at 3.0% per annum.

9. Loans Payable

	September 30, 2015 $	March 31, 2015 $
Loans payable	**39,520**	139,112
Less current portion	**12,480**	32,484
Loans payable – non-current	**27,040**	106,628

On June 24, 2014 the Company entered into two loan payables with the Business Development Bank of Canada ("BDC") for a total of $150,000. The first loan payable was for $50,000 bearing interest at the BDC's floating base rate plus 1% per annum and matures in November 2018. The second loan payable was for $100,000 bearing interest at the BDC's floating base rate plus 3.25% per annum and matures in November 2019.

On April 20, 2015, proceeds from the Concurrent Financing were used to repay the second loan payable with BDC which had an outstanding balance of $91,685 on the date of repayment.

At September 30, 2015, the required future repayments on the first loan payable are as follows:

2016	12,480
2017	12,480
2018	12,480
2019	2,080
	39,520

(expressed in Canadian dollars)

10. Share Capital

(a) Authorized: Unlimited number of common shares

Common shares issued and fully paid:

	Number	Amount
		$
Balance at March 31, 2014	2,536,346	2,164,312
Shares issued upon private placement (i)	203,125	325,000
Shares issued upon private placement (ii)	306,293	600,000
Shares issued upon exercise of stock options (iii)	37,879	92,722
Shares issued upon conversion of promissory notes (iv)	285,772	434,600
Balance at March 31, 2015	3,369,415	3,616,634
Share Split (note 4)	11,336,470	-
Share issuance in RTO (note 4)	804,650	1,094,324
Shares issued upon private placement (v)	3,897,059	5,300,000
Share issuance costs (vi)	-	(636,479)
Balance at September 30, 2015	19,407,594	9,374,479

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

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

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

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

(v) On April 30, 2015, in closing its Qualifying Transaction, Life Choices completed a private placement of 3,897,059 common shares at a purchase price of $1.36 per share, for gross proceeds of $5,300,000.

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

(expressed in Canadian dollars)

(b) Escrowed Shares:

On April 30, 2015, immediately prior to completing its Qualifying Transaction, the Company had 10,032,837 issued and outstanding common shares held in escrow pursuant to the requirements of a Tier 1 TSX Venture Exchange issuer, 25% of the escrowed securities were released on April 30, 2015, at the time of the Final Exchange Bulletin announcing the Qualifying Transaction and 25% of the escrowed securities will continue to be released in 6 month increments thereafter.

On September 30, 2015, the Company had 7,524,628 issued and outstanding common shares held in escrow.

(c) Stock options:

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

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

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

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price ($)
March 31, 2015	-	-
Aumento Management Options (i)	80,464	$1.20
Aumento Agent Options (ii)	50,715	$1.20
Granted Broker Options (iii)	262,501	$1.36
Granted to Directors (iv)	482,353	$0.96
Granted to Management (v)	405,444	$0.96 - $0.99
Expiry of Aumento Agent Options (ii)	(50,715)	$1.20
Balance, September 30, 2015	1,230,762	$1.06

(i) On September 16, 2013, the Corporation granted options to members of Aumento management. After the Qualifying Transaction and Share Consolidation, members of Aumento management had 80,464 options transferred over to the Company, which were exercisable over a period of one year at an exercise price of $1.20 per share. The options were revalued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of one year. The value attributed to the 80,464 options was $46,398 recognized in contributed surplus.

(ii) On September 16, 2013, the Corporation granted Agent options to its IPO Agent. After the Qualifying Transaction and Share Consolidation, Aumento's IPO Agent had 50,175 options transferred over to the Company, which were exercisable before September 16, 2015 at an exercise price of $1.20 per share. The options were revalued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 0.4 years. The value attributed to the 50,175 options was $20,113 recognized in contributed surplus. These options expired during the quarter.

(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. The options were valued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 2 years. The value attributed to the 262,501 broker options was $186,982 recognized in contributed surplus.

(iv) On May 15, 2015, the Company granted 482,353 options to acquire common shares to its Board of Directors. The Board options vest over a period of three years, have an exercise price of $0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.5%, expected volatility of 100% and an expected life of 1 to 3 years. The value attributed to the 482,353 Board options was $325,674 and these options are being expensed using a graded vesting method over the three-year vesting period.

(v) On May 15, 2015, the Company granted 381,250 options to acquire common shares to its management team. The management options vest over a period of five years, have an exercise price of $0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates between 0.5% to 0.8%, expected volatility of 100% and an expected life of 1 to 5 years. The value attributed to the 381,250 management options was $290,797 and these options are being expensed using a graded vesting method over the five-year vesting period.

On July 22, 2015, the Company granted 24,194 options to acquire common shares to its new employees that recently joined the Company. These options vest 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 between 0.5% to 0.8%, expected volatility of 100% and an expected life of 1 to 5 years. The value attributed to the 24,194 management options was $18,274 and these options are being expensed using a graded vesting method over the five-year vesting period.

For (iv) and (v) above the Company recognized a salaries and benefits expense of $77,285 during the three month period ended September 30, 2015 and $115,748 during the six month period ended September 30, 2015 within its interim condensed consolidated statement of operations with a corresponding increase to contributed surplus.

11. Related Party Balances and Transactions

The Company has a short term lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of $18,826 and $nil for the 3-month period ended September 30, 2015 and 2014 and $23,465 and $nil for the 6-month period ended September 30, 2015 and 2014. The Company is in the process of finalizing a formal lease agreement with that shareholder.

The Company has an outstanding balance of $237,879 at September 30, 2015 (March 31, 2015 - $301,918) due to the CEO included in accounts payable and accrued liabilities. These amounts relate to unpaid compensation, accordingly, there are no specified repayment terms and this amount does not bear interest.

The Company purchases raw materials for the production of its finished products through a meat broker whose principal is also a shareholder of the Company. At September 30, 2015, $nil (March 31, 2015 - $415,230) was due to that meat broker. The year-end balance was included in accounts payable and accrued liabilities. For the three and six month periods ended September 30, 2015 total purchases from that meat broker amounted to $314,756 and $437,111 respectively (2014 - $nil and $73,261). These purchases of raw materials are on an arm's length commercial terms and do not bear interest.

The Company has made a number of purchases for an unrelated company controlled by a common shareholder. The purchases are completed on arm's length commercial terms and are expected to be repaid within the upcoming quarter. At September 30, 2015, $21,860 was owed by the unrelated company controlled by a common shareholder (March 31, 2015 – Company owed the unrelated company $19,101). The amount owed is non-interest bearing with no specified terms of repayment.

On March 2, 2015, the Company issued a promissory note to a current shareholder for proceeds of $500,000. The promissory note bears interest at 12.0% per annum and matures the earlier of May 30, 2015 or 5 business days subsequent to the completion of the private placement. The principle promissory note and any accrued interest was repaid on May 5, 2015 subsequent to the completion of the private placement associated with the Qualifying Transaction.

(expressed in Canadian dollars)

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

	Three month period ended		Six month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Salary and director fees	$ 218,981	$ 68,750	$ 405,071	$ 137,500

12. Commitments and Contingencies

Commitments

The Company has an off balance sheet vehicle lease agreement whereby it pays $1,012 per month for a delivery van expiring in December 2015. The total remaining obligation on this vehicle lease at September 30, 2015 was $2,938.

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. The stand-by letter of credit was non-interest bearing and expired on March 31, 2016. On October 26, 2015, the stand-by letter of credit was returned by the U.S supplier and cancelled by the Canadian financial institution.

Contingencies

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

13. Expenses by Nature

	3 months ended September 30, 2015	3 months ended September 30, 2014	**6 months ended September 30, 2015**	6 months ended September 30, 2014
Raw materials and consumables used	**1,416,944**	586,869	**2,655,367**	1,070,797
Storage and delivery	**118,280**	33,199	**195,425**	67,246
Salaries and benefits	**361,693**	162,681	**684,558**	298,415
Advertising and promotion	**226,301**	116,808	**347,463**	194,805
Professional fees	**150,948**	1,590	**272,424**	8,298
Stock-based compensation	**77,285**	-	**115,748**	-
Reverse take-over listing fee	-	-	**991,454**	-
Other expenses	**119,152**	41,044	**244,973**	79,194
	2,470,603	942,191	**5,507,412**	1,718,755

14. Financial Risk Management

(a) Concentration Risk

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

For the 3 months period ended September 30, 2015, the Company had three (three – 2014) customer representing over 10% of total revenue for an aggregate of approximately 56% (68% - 2014) of total revenue. For the 6 months period ended September 30, 2015, the Company had three (four – 2014) customer representing over 10% of total revenue for an aggregate of approximately 55% (76% - 2014) of total revenue.

(b) Credit Risk

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

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

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

The Company's maximum credit exposure is represented by the balance of accounts receivable at each reporting date. As at September 30, 2015 $103,257 (March 31, 2015 - $136,711) of accounts receivable are past due but have been determined not to be impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company monitors its financial position regularly and updates its expected use of cash resources.

(d) Market Risk

i. Interest Rate Risk

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

ii. Foreign Currency Risk

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

15. Capital Management

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

The capital management objectives for fiscal 2016 remain the same as those of the previous fiscal year.

16. Subsequent Event

Acquisition of Love Child and Closing of Equity Private Placement

On October 19, 2015, the Company completed the acquisition of Love Child and closed the first tranche of a private placement of shares. The second tranche of the equity private placement was closed on November 20, 2015.

The aggregate purchase price for Love Child was approximately $6 million, payable by way of $2,100,000 cash, $900,000 vendor-take back notes, 1,190,476 common shares of the Company and earn-out warrants exercisable for up to 714,286 Common Shares at a price of $1.05 per Common Share, vesting in approximately 2 years if certain gross revenue targets are reached. Certain of the vendors were also entitled to earn-out shares valued at up to $750,000, to be issued in approximately two years, if gross revenue targets are reached, the issue price per share to be determined at the time of public dissemination of such financial information. In conjunction with the issuance of the vendor-take back notes, warrants exercisable for a total of 225,000 Common Shares were issued, exercisable for one year at a price of $1.00. The vendor-take back notes are secured against the assets of GreenSpace and Love Child, with a payout date one year from closing, subject to early repayment at the Company's election.

Through the first and second tranches of the equity private placement, the Company issued 1,874,408 units (the "Units") at a price of $1.05 per Unit for aggregate gross proceeds of approximately $1,968,128. Each Unit consisted of one Common Share and one quarter of one Common Share purchase warrant which entitles the holder to purchase one Common Share at a price of $1.20 for a period of 24 months from issuance (the "Warrants"). Finder's fees of up to 9%, payable in cash and warrants, were paid on certain of the subscriptions received. A total of 27,800 warrants became issuable to finders in conjunction with both tranches of the equity private placement, such warrants having the same terms and conditions as the Warrants.

At the time of approval of these interim condensed consolidated financial statements, the initial accounting for this transaction is incomplete. Additional disclosures required under IFRS 3, B64, are still to be determined with respect to the acquisition of Love Child, its measurement basis, valuation technique and significant inputs used to measure the value.

Stock Option Grant

On October 19, 2015, after the acquisition of Love Child, the Board of Directors of GreenSpace Brands Inc. approved the granting of incentive stock options (the "Options") pursuant to the terms of the Corporation's stock option plan to Love Child employees joining GreenSpace to acquire up to an aggregate of 106,618 common shares in the capital of the Corporation (the "Common Shares")

All Options granted to the employees are exercisable for a period of ten years at a price of $0.92 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.

17. Approval of the Financial Statements

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on November 25, 2015.