Consolidated Financial Statements of

GREENSPACE BRANDS INC.

For the years ended March 31, 2016 and 2015

Table of Contents

For the years ended March 31, 2016 and 2015

MNP LLP

Independent Auditors' Report

To the Shareholders of GreenSpace Brands Inc.:

We have audited the accompanying consolidated financial statements of GreenSpace Brands Inc., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of GreenSpace Brands Inc. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on GreenSpace Brands Inc.'s ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
June 21, 2016

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	March 31 2016 $	March 31 2015 $
Assets		
Current assets		
Accounts receivable, net of allowance for doubtful accounts of $164,185 (March 31, 2015 - $331,167)	**3,993,105**	528,029
HST receivable	**184,374**	62,358
Prepaid expenses	**407,176**	27,102
Inventory (note 7)	**3,478,735**	929,575
Due from related parties (note 15)	**37,525**	-
Total current assets	**8,100,915**	1,547,064
Property, plant and equipment (note 8)	**715,568**	-
Unallocated purchase price (note 6)	**22,003,512**	-
Total assets	**30,819,995**	1,547,064
Liabilities		
Current liabilities		
Bank overdraft (note 9)	**997,901**	292,677
Accounts payable and accrued liabilities (note 10 and 15)	**4,978,640**	1,686,721
Due to related parties (note 15)	**-**	19,101
Loans from related parties (note 6 and 15)	**4,431,874**	500,000
Loans payable (note 11)	**1,648,911**	32,484
	12,057,326	2,530,983
Loans from related parties - non-current (note 6 and 15)	**1,992,832**	-
Loans payable - non-current (note 11)	**243,203**	106,628
Other long term liabilities (note 6)	**1,837,852**	-
Total liabilities	**16,131,213**	2,637,611
Shareholders' equity (deficit)		
Share capital (note 12)	**22,482,673**	3,616,634
Contributed surplus (note 6, 12(c) and 12(d))	**2,202,400**	-
Accumulated deficit	**(9,996,291)**	(4,707,181)
	14,688,782	(1,090,547)
Total liabilities and shareholders' equity (deficit)	**30,819,995**	1,547,064

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

Consolidated Statements of Operations and Comprehensive Loss

For the years ended March 31, 2016 and 2015

(expressed in Canadian dollars)

	2016	2015
	$	$
Gross revenue	**12,671,915**	4,029,208
Less: rebates and discounts	**(1,169,428)**	(394,987)
Less: listing fees	**(1,045,134)**	(58,215)
Net revenue	**10,457,353**	3,576,006
Cost of goods sold	**8,976,704**	3,030,983
Gross profit	**1,480,649**	545,023
Expenses		
General and administrative (note 15)	**779,727**	314,383
Storage and delivery	**852,750**	205,005
Salaries and benefits	**1,667,945**	816,701
Advertising and promotion	**680,803**	462,306
Professional fees	**1,295,454**	264,893
Stock-based compensation (note 12 (c))	**257,394**	-
Reverse take-over listing fee (note 5)	**991,454**	-
Total expenses	**6,525,527**	2,063,288
Net loss before interest expense, accretion expense, changes in fair value of derivative liability and income taxes	**(5,044,878)**	(1,518,265)
Interest expense (notes 11 and 14)	**138,237**	127,816
Change in fair value of derivative liability	**-**	5,057
Net loss before income taxes and accretion expense	**(5,183,115)**	(1,651,138)
Accretion expense	**105,995**	
Income tax expense (recovery) (note 13)	**-**	-
Net loss from continuing operations	**(5,289,110)**	(1,651,138)
Net loss from discontinued operations, net of income taxes	**-**	2,229
Net loss and comprehensive loss	**(5,289,110)**	(1,653,367)
Net income attributed to non-controlling interest	**-**	460
Net loss and comprehensive loss attributed to common shareholders	**(5,289,110)**	(1,652,907)
Net loss per share		
Basic and diluted from discontinued operations	**-**	-
Basic and diluted from continuing operations	**(0.26)**	(0.13)
Weighted average number of shares basic and diluted	**20,660,683**	12,621,730

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

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(expressed in Canadian dollars)

	Share capital		Contributed	Accumulated	Non-controlling	Total Shareholders' Equity
	Number	Amount	Surplus	Deficit	Interest	(Deficit)
		$	$	$	$	$
March 31, 2014	2,536,346	2,164,312	14,064	(2,971,030)	(82,784)	(875,438)
Shares issued upon private placement	509,418	925,000	-	-	-	925,000
Issuance of convertible promissory notes	-	-	6,165	-	-	6,165
Shares issued upon conversion of promissory notes	285,772	434,600	(20,229)	-	-	414,371
Stock options exercised	37,879	92,722	-	-	-	92,722
Net loss attributable to common shareholders	-	-	-	(1,652,907)	-	(1,652,907)
Net loss attributable to non-controlling interest	-	-	-	-	(460)	(460)
Acquisition of non-controlling interest	-	-	-	(83,244)	83,244	-
March 31, 2015	**3,369,415**	**3,616,634**	**-**	**(4,707,181)**	**-**	**(1,090,547)**
Qualifying Transaction Share Split	11,336,470	-	-	-	-	-
Reverse take-over transaction	804,650	1,094,324	66,511	-	-	1,160,835
Proceeds from private placement	5,771,467	7,137,219	130,907	-	-	7,268,126
Issuance of share options	-	-	257,394	-	-	257,394
Shares and warrants for business combinations	4,523,809	3,993,994	256,006	-	-	4,250,000
Proceeds from short form prospectus	9,917,184	8,163,809	761,657	-	-	8,925,466
Shares and warrants issued on debt financing	126,667	88,667	133,760	-	-	222,427
Share issuance costs	-	(1,611,974)	596,165	-	-	(1,015,809)
Net loss and comprehensive loss	-	-	-	(5,289,110)	-	(5,289,110)
March 31, 2016	**35,849,662**	**22,482,673**	**2,202,400**	**(9,996,291)**	**-**	**14,688,782**

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

Consolidated Statements of Cash Flows

For the years ended March 31, 2016 and 2015

(expressed in Canadian dollars)

	2016	2015
	$	$
Cash flow from operating activities		
Loss and comprehensive loss	**(5,289,110)**	(1,653,367)
Items not affecting cash:		
Depreciation	**41,574**	-
Stock-based compensation	**257,394**	-
Allowance for doubtful accounts	**-**	183,946
Inventory provision	**394,316**	272,879
Reverse take-over listing fees	**991,454**	-
Interest expense	**138,237**	-
Accretion expense	**105,995**	
Accretion of discount on convertible promissory notes	**-**	15,846
Change in fair value of derivative liability	**-**	5,057
Changes in non-cash working capital (note 18)	**(1,477,870)**	(567,897)
Total cash utilized in operating activities	**(4,838,010)**	(1,743,536)
Cash flow from investing activities		
Cash used for business combination (note 6)	**(9,600,000)**	-
Additions to property, plant and equipment	**(276,821)**	-
Total cash utilized in investing activities	**(9,876,821)**	**-**
Cash flow from financing activities		
Decrease in bank overdraft	**(31,171)**	(18,656)
Proceeds from issuance of common shares, net	**14,874,033**	925,000
Proceeds from issuance of convertible promissory notes	**-**	100,000
Proceeds from exercise of stock options	**-**	50,000
(Repayment of) proceeds from advances from related party, net (note 15)	**(156,626)**	519,101
(Repayment of) proceeds from loans payable	**(24,976)**	139,112
Cash acquired from reverse take-over (note 5)	**169,380**	-
Interest paid	**(115,809)**	-
Total cash provided by financing activities	**14,714,831**	1,714,557
Decrease in cash and cash equivalents	**-**	(28,979)
Cash and cash equivalents, beginning of the year	**-**	28,979
Cash and cash equivalents, end of the year	**-**	-

Non-cash investing and financing activities (note 18)

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 industry. The Company's main brands include Life Choices Natural Foods, Rolling Meadow Dairy, Grandview Farms and Holistic Choice Pet Food.

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. ("Love Child"). Love Child is a Canadian-based producer of 100% organic food for infants and toddlers. Love Child's mission is to bring to market only the purest, most natural and nutritionally-rich food, without the addition of any synthetic preservatives, refined sugars or other additives. Love Child's products include organic purees in BPA-free squeezable pouches and an extensive infant and toddler organic snack range. Refer to note 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 channels in Canada. The acquisition will strengthen the Company's brand penetration with Canadian retail and distribution partners, provide extensive opportunities for increased penetration of existing product lines into the high velocity single serve category and into the new gas and convenience distribution channels. Refer to note 6 for further details on the Central Roast acquisition.

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

The head office of the Company is 178 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, 2016.

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, 2016, the Company had working capital deficiency of $3,956,411 (March 31, 2015 - $983,919), an accumulated deficit of $9,996,291 (March 31, 2015 - $4,707,181). During the year ended March 31, 2016, the Company, scaling up size through internal growth and business combinations and investing significantly in working capital, generated negative cash flows from operations of $4,838,010 (March 31, 2015 - $1,743,536). 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 business combinations such that the current organizational structure would allow the Company to expand and integrate a number of strategic acquisitions without significant incremental costs. Now, with the completion of both the Love Child and Central Roast acquisitions (see note 6), the Company has gained the required revenue scale to more than cover those consolidated overhead costs and achieve profitable operations.

The continuation of the Company as a going concern is dependent upon its ability to renew and extend its existing loans, raise additional financing and ultimately achieve profitable operations. Management's current strategy is to stay focused on increasing revenue and at the same time exercise careful cost control to achieve profitable operations in the near term. Management is also in the process of evaluating a number of potential sources of debt financing options. Although management intends to assess and act on these options through the course of the year, there can be no assurance that the steps Management takes will be successful.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, Management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations. There is material uncertainty that the Company will be able to achieve profitable operations or raise funds in the future. These factors raise significant doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

Basis of Measurement
These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that 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., and Central Roast Inc. (70% owned but the Company retains full economic benefit), from their respective dates of acquisition. All inter-company balances and transactions have been eliminated on consolidation.

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, and 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 Taxes.

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from these estimates. The effect of changes in such estimates on the 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. As of March 31, 2016 the allocation of the purchase consideration is based on preliminary estimates in regards to the fair value of the assets acquired and the contingent consideration paid has not been finalized. The actual fair value of the contingent consideration may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change. It is expected that the unallocated purchase price will be allocated between goodwill and intangible assets upon completion of the valuation of the acquisition.

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 or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been 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.

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.

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
Due to related parties	Other financial liabilities
Loans from related parties	Other financial liabilities
Loans payable	Other financial liabilities
Other long term liabilities	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 derivative liability and other long term liability are measured at fair value using Level 3 inputs. The fair value of these respective liabilities has been 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.

e) Prepaid expenses

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

f) 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.

g) 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

h) Accounts receivable

Accounts receivable are presented, net of allowance for doubtful accounts of $164,185 at March 31, 2016 and $331,167 at March 31, 2015. 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 records an allowance for doubtful accounts related to accounts receivable that may potentially be impaired. The Company's allowance is estimated 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.

i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

j) 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.

k) 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.

l) 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 eventually vest, and is credited to contributed surplus.

m) Segment reporting

The Company's CEO has been 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, 2016 and 2015 substantially all of the Company's assets were located in and substantially all its revenues were earned in Canada.

n) Accounting standards issued but not yet applied

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) that are mandatory for fiscal periods beginning on January 1, 2016 or later. The standards that may be applicable to the Company are as follows:

<u>IFRS 9 – Financial Instruments</u>
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.

<u>IFRS 15 – Revenue from Contracts with Customers</u>
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.

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

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

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

(expressed in Canadian dollars)

5. Reverse Take-over Transaction ("RTO")

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

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

- Each outstanding Aumento common share was exchanged for 0.5 GreenSpace common shares ("Share Consolidation");
- Each outstanding Aumento stock option was exchanged for 0.5 GreenSpace stock options (note 13 (c)(i and ii);
- Each outstanding common share of Life Choices was exchanged for 4.364521 GreenSpace common shares ("Share Split");
- 804,650 GreenSpace common shares were issued to Aumento shareholders.

Concurrent Financing
Concurrent with the closing of the Qualifying Transaction, Life Choices completed a private placement of 3,897,059 common shares at a purchase price of $1.36 per share, for gross proceeds of $5,300,000. The Share Split was completed prior to the closing of this private placement. The Company incurred cash transaction costs of $449,497 in this transaction. As part of this private placement, the Company also issued 262,501 agent options, exercisable over a period of two years, at an exercise price of $1.36 (note 12 (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	$ 169,380
Total net assets acquired	**$ 169,380**
Notional price paid for Aumento shares	$ 1,094,323
Fair value of Aumento management options (note 12(c)(i))	46,398
Fair value of Aumento agent options (note 12(c)(ii))	20,113
Total purchase price	**$ 1,160,834**
Reverse take-over listing fee	**$ 991,454**

As well, the Company incurred professional fees associated with the reverse take-over totalling $110,545 during the year ended March 31, 2016 (2015 - $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:

- $2,100,000 cash;

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

- $900,000 in vendor take back notes ("LCO VTB Notes") which initially had a term of 1 year and an interest rate of 9%. In conjunction with the LCO VTB Notes, holders received warrants exercisable for a total of 225,000 Common Shares ("LCO VTB Warrants"). The LCO VTB Warrants are exercisable for a period of one year at a price of $1.00 per Common Share. The LCO VTB Warrants have been valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.52%, expected volatility of 43.6% and an expected life of one year. On the date of acquisition, the value attributed to the VTB Warrants was $72,148 recognized in contributed surplus. As well, the LCO VTB Notes have been secured against the assets of the Company and Love Child.

  On March 22, 2016, $100,000 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 have been classified as loans from related parties on the consolidated statements of financial position;

- $259,380 in earn-out warrants exercisable for up to 714,286 Common Shares at a price of $1.05 per share ("Earn-out Warrants"). These Earn-out Warrants are contingent on the Love Child gross revenue for the twelve month period ended September 30, 2017 exceeding certain revenue targets. On the date of acquisition the probability of Love Child achieving those revenue targets was set at 100% and the Earn-out Warrants were valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.52%, expected volatility of 43.6% and an expected life of two years. The value attributed to the Earn-out Warrants was $231,603 recognized in contributed surplus;

- $557,352 in earn-out shares valued at up to $750,000 ("Earn-out Shares"), issuable after the financial results from the quarter-ended September 30, 2017 are publicly released. These Earn-out Shares are contingent on the Love Child gross revenue for the twelve-month period ended September 30, 2017 exceeding certain revenue targets. The issue price on the Earn-out Shares will be determined at the time of public dissemination of the September 30, 2017 quarter-end financial results based on the lower of i) the 5 day volume weighted average price ("VWAP") of the Company's common shares pre-announcement of the Love Child acquisition or ii) the 5 day VWAP of the Company's Common Shares pre- public dissemination of the September 30, 2017 quarter-end consolidated financial results. On the date of acquisition and at March 31, 2016, the probability of Love Child achieving those gross revenue targets has been set at 100% and the Earn-out Shares have been discounted using a discount rate of 16% which represents the time value of money. The Earn-out Shares have been classified as other long-term liabilities on the consolidated statements of financial position;

(expressed in Canadian dollars)

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

Purchase price:		
Cash	$	2,100,000
Common Shares		1,250,000
LCO VTB Notes		900,000
LCO VTB Warrants		72,148
Earn-out Warrants		231,603
Earn-out Shares		557,352
Total purchase price		5,111,103

Fair Value of assets acquired and liabilities assumed:

Accounts receivable (net allowance of $107,403)	$	581,297
Tax assets receivable		21,307
Inventory		1,461,497
Prepaid expenses		30,100
Property, plant and equipment		37,150
Bank indebtedness		(942,310)
Accounts payable and accrued liabilities		(1,131,187)
Promissory note		(750,000)
Loans payable		(155,817)
Total net assets acquired and liabilities assumed		(847,963)
Unallocated purchase price	$	5,959,066

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

Within the quarter-ended March 31, 2016, the following adjustments were made to the fair value of assets acquired and liabilities assumed from that that originally presented in the preliminary purchase equation within the December 31, 2015 consolidated interim financial statements. These adjustments are included in the table above:

Accounts receivable	($	4,749)
Tax assets receivable		124
Inventory		8,380
Prepaid expenses		(6,123)
Accounts payable and accrued liabilities		(218,196)
Change in total net assets acquired and liabilities assumed		(220,564)
Increase in unallocated purchase price	$	220,564

All fair value adjustments were made as a result of cash receipts and details on supplier deductions received subsequent to December 31, 2015.

On March 22, 2016, the Love Child Promissory note of $750,000 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 (see note 12(a)(v)).

As of March 31, 2016 the allocation of the purchase consideration has not been finalized and is still 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.

(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:

- $7,500,000 cash;

- $3,000,000 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 have been valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.43%, expected volatility of 42.7% and an expected life of three years. On the date of acquisition, the value attributed to the Unit Warrants was $256,006 recognized in contributed surplus;

- $229,617 vendor take back note ("CR VTB"). The CR VTB is unsecured, non-interest bearing and repayable over twelve monthly installments from the closing of the Central Roast acquisition. The CR VTB has been discounted using a discount rate of 16% which represents the time value of money and it has been classified as a loan from related parties on the consolidated statements of financial position;

- The share purchase agreement contained a net working capital settlement whereby any difference between the net working capital acquired and a target net working capital balance needed to be settled between the former shareholders of Central Roast and the Company ("Net Working Capital Settlement"). On the date of acquisition, the Net Working Capital Settlement resulted in a payable of $292,894 which has been classified as a loan from related parties on the consolidated statements of financial position;

- Earn-out consideration valued at up to $1,262,450 ("Earn-out Consideration"). The Earn-out Consideration are contingent on the annualized gross revenue for the three month period ended March 25, 2017 exceeding certain revenue thresholds. The first $500,000 of the Earn-out Consideration will be settled in cash and any remainder in common shares valued at the 20 trading day volume weighted average price prior to issuance. On the date of acquisition and at March 31, 2016, the probability of Central Roast achieving those gross revenue targets has been set at 100%. The Earn-out Consideration has been discounted using a discount rate of 16% which represents the time value of money and it has been classified as other long term liabilities on the consolidated statements of financial position;

(expressed in Canadian dollars)

- $3,833,833 in Deferred Consideration ("Deferred Consideration"). The Company and the former shareholders of Central Roast have entered into a mandatory purchase agreement to acquire the remaining 30% of the Central Roast outstanding common shares on or before March 25, 2017. The Deferred Consideration will be settled with:
  - $3.6 million in cash;
  - $792,000 in common shares, each common shares valued at the 20 trading day volume weighted average price prior to issuance; and
  - $108,000 in warrants with the same terms as the Unit Warrant, valued at the volume weighted average price of the Unit Warrants for 20 consecutive trading days prior to the date of issuance.

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

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

Purchase price:		
Cash	$	7,500,000
Unit Consideration		3,000,000
CR VTB1		229,617
Net Working Capital Settlement		292,894
Earn-out Consideration		1,262,450
Deferred Consideration		3,833,833
Total purchase price		16,118,794
Fair Value of assets acquired and liabilities assumed:		
Accounts receivable (net allowance of $102,411)	$	1,984,380
Inventory		1,163,709
Prepaid expenses		43,627
Property, plant and equipment		443,171
Bank indebtedness		(735,082)
Accounts payable and accrued liabilities		(1,834,741)
HST payable		(64,441)
Loan from related parties (note 15)		(792,831)
Loan payable – TD Equipment Finance (note 11)		(133,444)
Total net assets acquired and liabilities assumed		74,348
Unallocated purchase price	$	16,044,446

The unallocated purchase price is mainly attributable to Central Roast's brand name, customer relationships, supplier relationships and assembled workforce. It is expected that the customer relationships and supplier relationships will be valued over a period of 10 years and 5 years, respectively, which management considered reasonable useful lives.

(expressed in Canadian dollars)

Financing for the acquisition was completed through a short-form prospectus (see note 12(a)(vi)).

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.

As of March 31, 2016 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.

Consolidated net revenue and consolidated loss from continuing operations of Love Child and Central Roast since the acquisition date included in the consolidated statement of operations and comprehensive loss are $3,880,432 and $745,531 respectively. If both the Love Child and Central Roast acquisitions had occurred on April 1, 2015, management estimated that the Company's pro-forma consolidated net revenue and consolidated loss from continuing operations would be $25,151,059 and $6,555,575 respectively, for the year ended March 31, 2016. Management has determined these amounts based on internally prepared financial results obtained from both Love Child and Central Roast. These pro-forma results reflect adjustments associated with the acquisitions assuming the fair values used in the purchase price allocation occurred on April 1, 2015. These pro-forma results may not necessarily be indicative of actual results had both acquisitions occurred on April 1, 2015.

7. Inventory

Inventory consists of:

	2016	2015
	$	$
Raw materials	**61,337**	174,012
Packaging	**1,045,667**	133,022
Finished goods	**2,371,731**	622,541
Total	**3,478,735**	929,575

Included in cost of goods sold is a provision for inventory amounting to $394,316 for the year ended March 31, 2016 and $272,879 for the year ended March 31, 2015.

The amount of inventory recognized as an expense in cost of goods sold was $8,582,389 for the year ended March 31, 2016 and $3,022,101 for the year ended March 31, 2015.

(expressed in Canadian dollars)

8. Property, Plant and Equipment

	Furniture and equipment	Leasehold improvements	Computer equipment	Software	Fixture at customer locations	Printing and production plates	Warehouse equipment	Total
Cost								
Balance, March 31, 2015	-	-	-	-	-	-	-	-
Additions	256,032	-	846	-	-	-	19,943	276,821
Acquired through business combination (note 7)	28,595	70,059	47,216	30,511	19,240	117,060	400,307	712,988
Balance, March 31, 2016	284,627	70,059	48,062	30,511	19,240	117,060	420,250	989,809
Accumulated depreciation								
Balance, March 31, 2015	-	-	-	-	-	-	-	-
Depreciation for the year	17,245	4,041	3,399	3,162	802	2,795	10,130	41,574
Acquired through business combination (note 7)	9,423	40,736	26,667	16,823	4,409	33,204	101,405	232,667
Balance, March 31, 2016	26,668	44,777	30,066	19,985	5,211	35,999	111,535	274,241
Net book value								
Balance, March 31, 2015	-	-	-	-	-	-	-	-
Balance, March 31, 2016	257,959	25,282	17,996	10,526	14,029	81,061	308,715	715,568

Depreciation expense charged to the consolidated statements of loss and comprehensive loss for the year ended March 31, 2016 was $41,574 (2015 - $nil).

9. Bank Overdraft

At March 31, 2015, the Company had a revolving credit facility that allowed the Company to borrow up to $300,000 in principal and was secured by a general security agreement from the Company. The Company's Chief Executive Officer ("CEO") provided a personal guarantee and provided his personal residence as collateral for the overdraft facility. The facility was repayable on demand bearing interest at 3.0% per annum. At March 31, 2015, $292,677 was drawn on this revolving credit facility.

After completing the Qualifying Transaction, the Company entered into a new revolving credit facility, which allowed the Company to borrow up to $500,000 in principal, secured by a general security agreement 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, 2016, the $500,000 overdraft facility was amended to allow the Company to borrow up to the lower of: i) $750,000 or ii) 75% of accounts receivable aged less than 90 days plus 15% of inventory up to $150,000. The amended facility continued to be payable on demand and continued to bear interest at a prime borrowing rate plus 1.75% per annum.

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) $900,000 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 $100,000 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 $200,000 per day to a maximum of $1,000,000 at any given time. The contract does not require the Company to pay any upfront or collateral fees.

(expressed in Canadian dollars)

At March 31, 2016, $997,901 was drawn on these consolidated revolving credit facilities and this balance has been classified as bank overdraft on the consolidated statements of financial position.

10. Accounts Payable and Accrued Liabilities

	2016	2015
	$	$
Trade payables	**4,379,329**	1,389,717
Accrued liabilities	**427,863**	215,750
Accrued wages and benefits	**171,448**	81,254
Total	**4,978,640**	1,686,721

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

11. Loans Payable

	March 31 2016	March 31, 2015
BDC Loans		
BDC loan payable, interest at BDC's floating base rate plus 1% per annum, repayable in payments of principal of $1,040 monthly plus interest (payable monthly), maturing November 2018	**33,280**	139,112
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of principal of $1,675 monthly plus interest (payable monthly), maturing February 23, 2019	**68,675**	-
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayble in payments of principal of $1,050 monthly plus interest (payable monthly), maturing February 23, 2022	**80,850**	-
Bridge Loan (net fees)	**1,577,727**	-
TD Equipment Finance	**131,582**	-
	1,892,114	139,112
Less amounts due within one year	**1,648,911**	32,484
Loans payable - non-current	**243,203**	106,628

(expressed in Canadian dollars)

Bridge Loan

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

In connection with the Bridge Loan, the Company incurred transaction costs totaling $107,836, issued 126,667 common shares in the Company at a price of $0.70 per share and an aggregate of 1,520,000 non-transferable warrants ("Bridge Loan Warrants"). The Bridge Loan Warrants entitle the holders to acquire one common share of the Company at a price of $0.85 per share for a period of one year. The transaction costs and costs associated with the issuance of the common shares and Bridge Loan Warrants totalled $330,263 and these costs are being amortized as interest expense over the one-year term of the facility. Interest expense on these capitalized costs of $7,990 was recognized within the consolidated statement of operations and comprehensive loss for the year ended March 31, 2016.

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 $2,167, 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 $150,000. The first loan payable was for $50,000 bearing interest at the BDC's floating base rate plus 1% per annum and matures in November 2018. The second loan payable was for $100,000 bearing interest at the BDC's floating base rate plus 3.25% per annum. On April 20, 2015, proceeds from the Concurrent Financing were used to repay the second loan payable with BDC, which had an outstanding balance of $91,685 on the date of repayment.

As part of the acquisition of Love Child (note 7), the Company acquired two additional BDC loans. The first acquired BDC loan was for $100,000 bearing interest at BDC's floating base rate plus 3% per annum, interest payable monthly and the loan matures on February 23, 2019. The second acquired BDC loan was again for $100,000 bearing interest at BDC's floating base rate plus 3% per annum, interest payable monthly and the loan matures on February 23, 2022.

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

The required future principal repayments are as follows:

2017	1,648,911
2018	71,184
2019	67,024
2020	46,979
2021	38,604
Thereafter	19,412
	1,892,114

(expressed in Canadian dollars)

12. Share Capital

(a) Authorized: Unlimited number of common shares

Common shares issued and fully paid:

	Number	Amount $
Balance at March 31, 2014	2,536,346	2,164,312
Shares issued upon private placement (i)	203,125	325,000
Shares issued upon private placement (ii)	306,293	600,000
Shares issued upon exercise of stock options (iii)	37,879	92,722
Shares issued upon conversion of promissory notes (iv)	285,772	434,600
Balance at March 31, 2015	3,369,415	3,616,634
Share Split (note 5)	11,336,470	-
Share issuance in RTO (note 5)	804,650	1,094,324
Shares issued for business combinations (note 6)	4,523,809	3,993,993
Shares issued upon private placement (v)	5,771,467	7,137,219
Shares issued from short form prospectus (vi)	9,917,184	8,163,809
Shares issued from debt financing (note 11)	126,667	88,667
Share issuance costs (vii)	-	(1,611,973)
Balance at March 31, 2016	35,849,662	22,482,673

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

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

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

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

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

On October 19, 2015, in closing its Acquisition of Love Child, the Company completed its first tranche of 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 $1,060,978 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 $77,534 (see note 12(d)).

On November 20, 2015, the Company completed its second tranche of private placement for an additional 863,952 units. Through the second tranche the Company raised gross proceeds of $907,148. 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 $53,373 (see note 12(d)).

(vi) 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 $8,925,466. Each whole Warrant entitle 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 $761,657 (see note 12(d)).

(vii) 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 12(c)(iii) below).

On October 19, 2015, in closing its first tranche of private placement, the Company incurred cash transaction costs of $69,273 and also issued 20,556 broker warrants which were fair valued at $6,309 (see note 12(d))

On November 20, 2015, in closing its second tranche of private placement, the Company incurred cash transaction costs of $72,410 and also issued 7,244 warrants which were fair valued at $1,790 (see note 12(d))

On February 25, 2016, in consideration for the services of the Underwriters in connection with the Offering, GreenSpace paid a cash commission of $453,272 and issued 487,321 broker warrants fair valued at $93,809 (see note 13(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 $3,524 (see note 12(d)) were issued as part of an advisory fee owing in relation to the Offering and cash commissions of $82,580, of which $41,290 was a payable as of March 31, 2016. In closing its short form prospectus, the Company incurred professional fees for $417,527, of which $225,000 was settled with units.

(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 March 31, 2016, the Company had 5,016,419 issued and outstanding common shares held in escrow. Subsequent to the year end on April 30, 2016, 25% of the escrowed securities is released and 2,508,209 common shares continue to be held in escrow.

(c) Stock options:

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

(expressed in Canadian dollars)

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

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

The following table reflects the continuity of stock options:

	Number of stock options	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	0.08
Aumento Agent Options (ii)	50,715	50,715	$1.20	-
Granted Broker Options (iii)	262,501	262,501	$1.36	1.08
Granted to Directors (iv)	482,353	-	$0.96	9.15
Granted to Management (v)	548,826	-	$0.92 - $0.99	9.55 – 9.31
Expiry of Aumento Agent Options (ii)	(50,715)	(50,715)	$1.20	-
Granted Agent Options (vi)	55,000	55,000	$1.24	2.55
Balance, March 31, 2016	1,429,144	397,965	$1.06	6.94

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

(ii) On September 16, 2013, the Corporation granted Agent options to its IPO Agent. After the Qualifying Transaction and Share Consolidation, Aumento's IPO Agent had 50,175 options transferred over to the Company, which were exercisable before September 16, 2015 at an exercise price of $1.20 per share.

The options were revalued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 0.4 years. The value attributed to the 50,715 options was $20,113 recognized in contributed surplus. These options expired on September 16, 2015 with none of the options exercised.

(iii) On April 30, 2015, the Agent of the Life Choices private placement were granted 262,501 broker options to acquire common shares at an exercise price of $1.36 per share for a period of 24 months. All options fully vested on the date of grant. The options were valued on April 30, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.7%, expected volatility of 100% and an expected life of 2 years. The value attributed to the 262,501 broker options was $186,982 recognized in contributed surplus.

(iv) On May 15, 2015, the Company granted 482,353 options to acquire common shares to its Board of Directors. The Board options vested over a period of three years, have an exercise price of $0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 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 $276,485 and these options are being expensed using a graded vesting method over the three-year vesting period.

(v) On May 15, 2015, the Company granted 381,250 options to acquire common shares to its management team. The management options vested over a period of five years, have an exercise price of $0.96 per share and are exercisable within ten years from the date of grant. The options were valued on May 15, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates between 1.25%, expected volatility of 42.9% and an expected life of 5 to 8 years. The value attributed to the 381,250 management options was $230,794 and these options are being expensed using a graded vesting method over the five-year vesting period.

On July 22, 2015, the Company granted 24,194 options to acquire common shares to its new employees that recently joined the Company. These options vested over a period of five years, have an exercise price of $0.99 per share and are exercisable within ten years from the date of grant. The options were valued on July 22, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.5%, expected volatility of 42% and an expected life of 5 to 8 years. The value attributed to the 24,194 management options was $15,162 and these options are being expensed using a graded vesting method over the five-year vesting period.

On October 19, 2015, the Company granted 106,618 options to acquire common shares to its new employees that recently joined from the acquisition of Love Child (note 7). These options vested over a period of five years, have an exercise price of $0.92 per share and are exercisable within ten years from the date of grant. The options were valued on October 19, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rates of 1.22%, expected volatility of 42% and an expected life of 5 to 8 years. The value attributed to the 106,618 management options was $61,060 and these options are being expensed using a graded vesting method over the five-year vesting period.

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

(expressed in Canadian dollars)

and an expected life of 5 to 8 years. The value attributed to the 36,764 management options was $19,044 and these options are being expensed using a graded vesting method over the five-year vesting period.

(vi) On October 19, 2015, Agent of the Company were granted 55,000 agent options to acquire common shares at an exercise price of $1.24 per share for a period of 36 months. The options were valued on October 19, 2015, using the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.5%, expected volatility of 43% and an expected life of 2 to 3 years. The value attributed to the 55,000 agent options was $15,268 recognized in contributed surplus.

For (iv), (v) and (vi) above the Company recognized a salaries and benefits expense of $257,394 during the year ended March 31, 2016 within its consolidated statement of operations with a corresponding increase to contributed surplus.

(d) Warrants:

Warrant activity during the year ended March 31, 2016 is detailed as follows:

	Number of warrants	Exercisable warrants	Value $	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
March 31, 2015	-	-	-	-	-
Warrants issued to complete private placement (i)	468,605	468,605	130,907	1.20	1.59
Warrants issued to brokers (ii)	27,800	27,800	8,099	1.20	1.58
Warrants issued for acquisition (iii)	2,380,952	1,666,666	487,609	1.15	2.50
Vendor take back warrants (iv)	225,000	225,000	72,148	1.00	0.99
Warrants issued from short form prospectus (v)	5,468,853	5,468,853	858,990	1.17	2.81
Warrants issued from debt financing (vi)	1,520,000	1,520,000	133,760	0.85	0.98
March 31, 2016	**10,091,210**	**9,376,924**	**1,691,513**	**1.12**	**2.36**

(i) In October 19, 2015, the Company issued 252,616 warrants as part of its first tranche of private placement. These warrants are exercisable at a price of $1.20 per share for a period of 24 months. The warrants were valued at $77,534 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

On November 19, 2015, the Company issued 215,989 warrants as part of its second tranche of private placement. These warrants are exercisable at a price of $1.20 per share for a period of 24 months. The warrants were valued at $53,373 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

(ii) On October 19, 2015, the Company issued 20,556 broker warrants as part of its first tranche of private placement. These warrants are exercisable at a price of $1.20 per share for a period of 24 months. The warrants were valued at $6,309 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

On November 19, 2015, the Company issued 7,244 warrants as part of its second tranche of private placement. These warrants are exercisable at a price of $1.20 per share for a period of 24 months. The warrants were valued at $1,790 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.54%, expected dividend yield of 0% and expected volatility of 50.4%.

(iii) On October 19, 2015, the Company issued 714,286 Earn-out Warrants as part of its acquisition of Love Child (note 7). These warrants are exercisable at a price of $1.05 per share for a period of 24 months. The warrants were valued at $231,603 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 7). These warrants are exercisable at a price of $1.20 per share for a period of 3 years. The warrants were valued at $256,006 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 7). These warrants are exercisable at a price of $1.00 per share for a period of 12 months. The warrants were valued at $72,148 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%.

(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 $765,181 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%.

b. 487,321 warrants exercisable at a price of $0.90 per share for a period of 2 years. The warrants were valued at $93,809 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free rate of 0.43%, expected dividend yield of 0% and expected volatility of 44.0%.

(vi) On March 23, 2016, the Company issued 1,520,000 warrants as part of its debt financing agreement (note 11). These warrants are exercisable at a price of $0.85 per share for a period of 1 year. The warrants were valued at $133,760 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%.

(expressed in Canadian dollars)

13. Income Taxes

(a) Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 – 15.5%) to the effective tax rate is as follows:

	Year-ended March 31, 2016	Year-ended March 31, 2015
Net income (loss) before recovery of income taxes	**(5,289,110)**	(1,651,138)
Expected income tax (recovery) expense	**(1,401,610)**	(255,930)
Tax rate changes and other adjustments	**8,750**	(128,080)
Non-deductible expenses	**512,900**	5,530
Tax effect of acquired intangibles	**(641,950)**	
Change in tax benefits not recognized	**1,521,910**	378,480
Income tax (recovery) expense	**-**	-

(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, 2016	Year ended March 31, 2015
	$	$
Property, plant and equipment	**23,840**	-
Non-capital losses carried forward	**9,820,820**	4,208,400
Share issuance costs	**1,235,650**	
Donations	**110,120**	-
Other temporary differences	**90,770**	5,990
Ontario Research and Development Tax Credit	**12,960**	8,020

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

Share issue and financing costs will be fully amortized in 2020.

(expressed in Canadian dollars)

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	111,850
2027	265,280
2028	194,060
2029	359,880
2030	181,610
2031	699,960
2032	361,230
2033	841,660
2034	2,111,210
2035	1,578,580
2036	3,438,430
	10,143,800

(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.

As at March 31, 2016, the Company recorded an income taxes recoverable amount of $nil (March 31, 2015 - $nil). During the year ended March 31, 2016, the Company recognized a net recovery of $nil (2015 - $nil).

(expressed in Canadian dollars)

14. Interest Expense

	Year ended March 31, 2016 $	Year ended March 31, 2015 $
Accretion of discount on convertible promissory notes	**-**	15,846
Interest on convertible promissory notes	**-**	36,842
Interest on related party loans	**54,818**	-
Interest on loans payable	**19,879**	-
Bank charges and other interest	**63,540**	75,128
	138,237	127,816

15. Related Party Balances and Transactions

The Company has a lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of $18,826 and $nil for the three month period ended March 31, 2016 and 2015 and $59,595 and $nil for the year ended March 31, 2016 and 2015.

The Company has an outstanding balance of $169,181 at March 31, 2016 (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. At March 31, 2016, included in accounts payable and accrued liabilities, are balances on credit cards in the CEO's name that have been used by the Company amounting to $nil (2015 - $55,026).

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 March 31, 2016, $161,224 (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 year ended March 31, 2016 total purchases from that meat broker amounted to $581,266 (2015 - $492,129). 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, 2016, $37,525 was owed by the unrelated company controlled by a common shareholder (March 31, 2015 – the Company owed the unrelated company $19,101). The amount owed is non-interest bearing with no specified terms of repayment.

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

On December 18, 2015, the Company issued a promissory note to a shareholder for proceeds of $400,000. The promissory note bears interest at 10.0% per annum, had a 1% placement fee and initially matured the earlier of June 30, 2016 or 10 business days subsequent to the completion of any equity financing. On February 25, 2016, the repayment term on the promissory note was extended by the current shareholder to April 1, 2017.

(expressed in Canadian dollars)

As part of the acquisition of Central Roast (see note 6(ii)), the Company acquired two loans totaling $861,935 to the former shareholders of Central Roast who, through the acquisition, became shareholders in the Company. These shareholder loans bear interest at 8% per annum, payable monthly and mature on April 1, 2017. These two acquired loans have been secured against assets of the Company along with a personal guarantee from the Company's Chief Executive Officer ("CEO"). Subject to the approval of the TSX Venture Exchange ("TSX-V"), the notes are convertible at the option of the holder into common shares at the greater of $0.90 per share and the minimum price per share required by the TSX-V. The Company valued the convertible instruments by first determining the fair value of the loans using a discount rate of 16%, the resulting discount and residual value for the equity component was not recorded as it was not material.

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:

	Year ended March 31, 2016	Year ended March 31, 2015
Salary and director fees	$798,550	$332,500

16. Commitments and Contingencies

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

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

Contingencies
In 2015, Acosta Canada, Wildfire Sales and Sunrise Brand Management were hired to promote Central Roast's products. The Company decided to terminate its relationship with Acosta Canada in July 2015 and agreed to a 60-day transitional period. During that period, the Company found that Acosta had begun representing direct competitors and were soliciting Central Roast Inc. customer accounts to migrate the business to the competitors. In response to that breach, the Company provided notice to Acosta Canada that the Company would not pay for the transition period of August and September 2015.

In June 2015, the Company provided notice to the U.S. broker and brand manager that neither had fulfilled their fiduciary obligation to represent the Company honestly and ethically in developing the US market. The Company provided written termination and notification that no further payments would be forthcoming. The Company does not intend to pay for services past the dates of termination.

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.

(expressed in Canadian dollars)

17. Expenses by Nature

	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials and consumables used	**8,582,389**	3,022,101
Storage and delivery	**852,750**	205,005
Salaries and benefits	**1,667,945**	816,701
Advertising and promotion	**680,803**	462,306
Professional fees	**1,295,454**	264,893
Stock-based compensation	**257,394**	-
Reverse take-over listing Fee	**991,454**	-
Other expenses	**1,174,042**	323,265
	15,502,231	5,094,271

18. Changes in Non-Cash Working Capital

	Year ended March 31, 2016	Year ended March 31, 2015
HST receivable	**(165,150)**	(16,651)
Accounts receivable	**(899,398)**	(492,379)
Prepaid expenses	**(306,347)**	(27,102)
Income taxes recoverable	**-**	10,533
Inventory	**(318,270)**	(899,301)
Accounts payable and accrued liabilities	**211,295**	857,003
	(1,477,870)	(567,897)

Non-cash investing activities includes shares, LCO VTB Notes, earn-out warrants and earn-out shares in acquisition of Love Child (note 6(i)), unit consideration, CR VTB, Earn-out Consideration, and Deferred Consideration in acquisition of Central Roast (note 6(ii)). Non-cash financing activities includes common shares and Bridge Loan Warrants issued in connection with the Bridge Loan (note 11).

19. 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.

(expressed in Canadian dollars)

For the year ended March 31, 2016, the Company had four (2015 - three) customer representing over 10% of total revenue for an aggregate of approximately 53% (2015 – 66%) 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, 2016 $402,002 (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 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, 2016 are as follows:

	Carrying value	Contractual Cash flows	Payable in period from April 1st to February 29th, 2016	Payable in March 2016	1 -5 Years
	$	$		$	$
Bank overdraft	997,901	997,901	997,901	997,901	-
Accounts payable and accrued	4,978,640	4,978,640	4,978,640	-	-
Loans from related parties	6,424,706	5,891,098	229,163	3,600,000	2,061,835
Loans payable	1,892,114	2,274,785	131,582	1,900,000	243,203
Other long term liabilities	1,837,852	500,000	-	-	500,000
	16,131,213	14,642,424	6,337,286	6,497,901	2,805,038

(d) Market Risk

i. Interest Rate Risk

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

ii. Foreign Currency Risk

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

20. Capital Management

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

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