AFFINOR GROWERS

Consolidated Financial Statements

For the years ended May 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Affinor Growers Inc.;

We have audited the accompanying consolidated financial statements of Affinor Growers Inc., which comprise the consolidated statement of financial position as at May 31, 2015, the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising 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 consolidated 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Affinor Growers Inc. as at May 31, 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which indicates that Affinor Grower Inc. has generated limited revenues and significant losses, has not generated positive cash flows from operations and as at May 31, 2015, has an accumulated deficit of $19,928,752 and negative working capital. These conditions, along with other matters as set forth in Note 2 in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Affinor Grower Inc.'s ability to continue as a going concern.

Comparative Information

The consolidated financial statements of Affinor Growers Inc. as at and for the year ended May 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 29, 2014.

KPMG LLP*

September 30, 2015

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A114306

AFFINOR GROWERS INC.
Consolidated statements of Financial Position
(In Canadian dollars)

	May 31, 2015	May 31, 2014
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**2,662**	1,944,644
Other receivables (note 8)	**75,887**	44,588
Investments available for sale (note 9)	**148,750**	-
Prepaid expenses	**22,637**	170,613
	249,936	2,159,845
NON CURRENT		
Property, plant and equipment (note 10)	**1,291,517**	5,000
Intangibles assets (note 11)	**1,444,037**	-
Exploration and evaluation assets (note 12)	**-**	4
TOTAL ASSETS	**2,985,490**	2,164,849
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**875,255**	249,850
EQUITY		
Share capital (note 14)	**16,451,212**	11,948,091
Warrants (note 14)	**1,328,143**	951,093
Contributed surplus	**4,294,532**	3,588,305
Accumulated other comprehensive loss	**(34,900)**	-
Deficit	**(19,928,752)**	(14,572,490)
TOTAL EQUITY	**2,110,235**	1,914,999
TOTAL LIABILITIES AND EQUITY	**2,985,490**	2,164,849

See accompanying notes to consolidated financial statements

AFFINOR GROWERS INC.
Consolidated Statement of Comprehensive Loss
For the years ended May 31, 2015 and 2014
(In Canadian dollars, except per share amounts)

	2015	2014
	$	$
REVENUE		
Sales (note 9)	285,714	-
EXPENSES		
Registration and information to shareholders	80,155	51,752
Professional and consulting fees	1,906,856	823,287
Personnel expenses	218,476	11,640
Management fees	300,000	6,046,298
Share-based payments and warrants	1,467,270	910,462
Amortization	57,750	-
Other operating expenses	277,798	189,153
Impairment of exploration and evaluation assets (note 12)	4	120,970
	4,308,309	8,153,562
LOSS BEFORE INVESTMENTS, FINANCING AND INCOME TAXES	(4,022,595)	(8,153,562)
Loss on disposal of available for sale investments	(63,855)	-
Loss on disposal of investment in associates (note 13)	(250,448)	-
Impairment of investment in associates (note 13)	(697,700)	-
Impairment of option to purchase interests in a Company (note 7)	(169,600)	-
Impairment of loans (note 7 and 13)	(159,400)	-
Interest on convertible debenture	-	20,783
Gain on debt settlement	-	(9,545)
Other income	7,336	(74)
LOSS BEFORE INCOME TAXES	(5,356,262)	(8,164,726)
Deferred income tax (note 18)	-	43,183
NET LOSS FOR THE YEAR	(5,356,262)	(8,121,543)
Other comprehensive loss		
Item that may be reclassified to income or loss in future periods:		
Unrealized loss on available for sale investments, net of tax of nil	(34,900)	-
Other comprehensive loss for the year	(34,900)	-
Total comprehensive loss for the year	(5,391,162)	(8,121,543)
Basic and diluted loss per share (note 15)	(0.08)	(0.22)
Weighted average number of common shares outstanding during the year	64,647,712	36,788,512

See accompanying notes to consolidated financial statements

AFFINOR GROWERS INC.
Consolidated Statements of changes in Equity
For the year ended May 31, 2015
(In Canadian dollars, except number of shares)

	Number of shares	Share Capital	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		$	$	$	$	$	$
Balance as at June 1, 2014	60,953,898	11,948,091	951,093	3,588,305	-	(14,572,490)	1,914,999
Contributions by and distributions to owners :							
Private placement (note 14)	700,000	70,035	34,965				105,000
Acquisition of intangible assets (note 16)	6,388,888	1,494,443	-	-	-	-	1,494,443
Acquisition of 49% in associate (note 13)	949,612	531,800	-	-	-	-	531,800
Consultant and management services	1,903,555	503,666	-	-	-	-	503,666
Option to buy a company (note 7)	265,000	169,600	-	-	-	-	169,600
Share-based payments and warrants (note 14)	-	-	589,016	878,254	-	-	1,467,270
Options exerciced (note 14)	1,470,000	406,527	-	(172,027)	-	-	234,500
Warrants exerciced (note 14)	2,655,000	1,308,932	(246,931)	-	-	-	1,062,001
Brokers warrants exercised (note 14)	54,925	21,970	-	-	-	-	21,970
Shares cancelled (note 7 and 14)	(2,765,000)	(3,818)	-	-	-	-	(3,818)
Shares issues cost	-	(34)	-	-	-	-	(34)
Total transaction with owners	11,621,980	4,503,121	377,050	706,227	-	-	5,586,398
Net loss for the year	-	-	-	-	-	(5,356,262)	(5,356,262)
Other comprehensive income:							
Unrealized loss on available for sale investments	-	-	-	-	(34,900)	-	(34,900)
Balance as at May 31, 2015	**72,575,878**	**16,451,212**	**1,328,143**	**4,294,532**	**(34,900)**	**(19,928,752)**	**2,110,235**

See accompanying notes to consolidated financial statements.

AFFINOR GROWERS INC.
Consolidated Statements of changes in Equity
For the year ended May 31, 2014
(In Canadian dollars, except number of shares)

	Number of shares	Share Capital	Share Capital subscription received	Warrants	Contributed surplus	Deficit	Total Equity
		$	$	$	$	$	$
Balance as at June 1, 2013	19,655,609	5,552,266	16,500	46,866	633,762	(6,395,687)	(146,293)
Contributions by and distributions to owners:							
Private placement (note 14)	18,720,969	1,712,066	(16,500)	951,093	-	-	2,646,659
Acquisition of mining properties (note 14)	985,000	14,775	-	-	-	-	14,775
Debt conversion and settlement, net of deferred income tax of $ 36,880 (note 14)	6,827,320	520,266	-	-	(149,151)	(55,260)	315,855
Acquisition of private company (note 7)	2,765,000	3,818	-	-	-	-	3,818
Expired warrants, net of deferred income tax of $ 6,303 (note 14)	-	-	-	(46,866)	40,563	-	(6,303)
Share-based payments (note 14)	-	-	-		910,462	-	910,462
Options exerciced (note 14)	1,000,000	105,423	-	-	(5,423)	-	100,000
Consultant and management services (note 14)	11,000,000	4,180,000	-	-	2,100,000	-	6,280,000
Share issues cost (note 14)	-	(140,523)	-	-	58,092	-	(82,431)
Total transaction with owners	41 298 289	6 395 825	(16 500)	904 227	2 954 543	(55,260)	10,182,835
Net loss and total comprehensive loss for the year	-	-	-	-	-	(8,121,543)	(8,121,543)
Balance as at May 31, 2014	**60,953,898**	**11,948,091**	**-**	**951,093**	**3,588,305**	**(14,572,490)**	**1,914,999**

See accompanying notes to consolidated financial statements.

AFFINOR GROWERS INC.
Consolidated statements of cash flows
For the years ended May 31, 2015 and 2014
(In Canadian dollars)

	2015	2014
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	(5,356,262)	(8,121,543)
Adjustments to reconcile net loss to cash flows from operating activities:		
Sales	(285,714)	-
Consultant and management services	503,666	380,000
Management fees	-	5,900,000
Share-based payments and warrants	1,467,270	910,462
Amortization	57,750	-
Impairment of exploration and evaluation assets	4	120,970
Loss on disposal of investment in associates	250,448	-
Loss on disposal of available for sale investments	63,855	-
Impairment of an option to purchase interests in a company	169,600	-
Impairment of loans	159,400	-
Impairment of investment in associates	697,700	-
Interest on convertible debenture	-	20,783
Gain on debt settlement	-	(9,545)
Deferred income tax	-	(43,183)
Net change in working capital (note 19)	480,995	107,782
Cash flows used in operating activities	(1,791,288)	(734,274)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net proceeds from investments available for sale	52,495	-
Acquisition of investments in associates	(416,348)	-
Acquisition of property, plant and equipment	(1,050,878)	-
Loans receivables	(159,400)	-
Acquisition of mining properties	-	(10,365)
Cash flows used in investing activities	(1,574,131)	(10,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	105,000	2,745,477
Options and warrants exercised	1,318,471	-
Shares issues costs	(34)	(82 431)
Cash flows from financing activities	1,423,437	2,663,046
Net change in cash	(1,941,982)	1,918,407
Cash beginning of the year	1,944,644	26,237
Cash end of the year	2,662	1,944,644

See accompanying notes to consolidated financial statements.

1. REPORTING ENTITY

Affinor Growers Inc. (hereafter "the Company" or "Affinor") is incorporated under *Canada business corporation act*. The address of the Company's registered office and its principal place of business is 410 St-Nicolas street, suite 236, Montreal, Quebec. Its shares are listed on the Canadian Securities Exchange (CSE), the Frankfurt Stock Exchange and the OTC QB Exchange.

Affinor is the ultimate parent Company of the group.

As of May 23, 2014, the Company was specialized in exploration of gold mineral sites located in Canada and South America, since that date, the Company is focusing on the agriculture industry within North America.

In May 2014, the Company changed its name to Affinor Growers inc. This decision aims to better reflect the mission of the Company that is to produce strawberries and other crops such as romaine lettuce and herbs.

2. GOING CONCERN ASSUMPTION

The consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company is subject to a number of risks and uncertainty associated with the successful development of its major crop products, such as romaine lettuce and strawberries, and with the financing requirements of its operations. The attainment of profitable operations is dependent upon future events, including the successful completion of the Greenhouse project, commercialization of its products and technology and obtaining adequate financing to complete its commercialization plans.

To date, the Company has generated limited revenue and significant losses, has not generated positive cash flows from operations and as at May 31, 2015 has an accumulated deficit of $19,928,752 and negative working capital. It has relied upon financing primarily from private equity placements and exercise of options and warrants to fund its operations and construction of its facility. The Company expects to obtain funding through additional equity offerings and licensing of its technology until it achieves positive cash flows from operations.

The Company's business plan is dependent on raising additional funds to finance its operations and the development of its Greenhouse project within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate construction plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments, which could be material, would be necessary to the carrying value of assets and liabilities, revenues and expenses and classification in statement of financial position.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on September 30, 2015.

3.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the investment available for sale that are measured at fair value.

3.3 Funtional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3.4 Measurement of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial and non-financial assets and liabilities:

In establishing fair value, the Corporation uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: defined as inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no little observable market data, therefore requiring entities to develop their own assumptions.

The Company's financial assets and liabilities recorded at fair value on a recurring basis are investments available for sale, and are measured using Level 1 inputs. Refer to note 9.

4. CHANGES IN ACCOUNTING POLICIES

4.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 9 *Financial Instruments* (IFRS 9)

In July 2014, the IASB published IFRS 9 which replaces IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customer (IFRS 15)

On May 28, 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 will replace IAS 18, Revenue, among other standards. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time.

The model features a contract-based five-step analysis of transactions to determine whether how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet assessed the impact of adoption of IFRS 15, and does not intend to early adopt IFRS 15 in its consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied consistently by the Company to all periods presented in these consolidated financial statements are summarized below.

5.1 Basis of consolidation

The Company's consolidated financial statements consolidate those of the Company and Affinor Analytics LLC. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company's subsidiary is 100% owned by Affinor.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies.

Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit and loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting annual period are recognized from the effective date of the acquisition, or up to the effective date of disposal, as applicable.

Joint ventures and associates

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e. when the strategic financial and operating policy decisions relating to the activities of joint venture require the unanimous consent of the parties sharing control.

An associate is an entity over which the Company has significant influence.

The Company's interest in joint ventures and associates is accounted for using the equity method and is recognized initially at cost and includes the initial investments made in the form of advances. The consolidated financial statements include the Company's share of the income and expenses and equity movements of joint ventures and associates.

When the Company's share of losses exceeds its interest in a joint venture and associate entities, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Unrealized gains arising from transactions with joint venture and associate entities are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Financial Instruments

Assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

The Company's financial assets and liabilities are initially measured at fair value plus transaction costs.

Assets and liabilities are subsequently measured as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified in various categories at the time of initial recognition.

The category determines the subsequent measurement method and accounting in either earnings or in other comprehensive income of income and expenses. All income and expenses related to financial assets and liabilities recognized in earnings are presented in the financing section, if applicable.

Loans and receivables:

All the financial assets of the Company are classified as loans and receivables, except for investments available for sale. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortized cost using the method of effective interest rate, less a provision for impairment. Discounting is omitted if its effect is not significant. Cash and other receivables (except for taxes receivable) fall into this category of instruments Financial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive loss and presented in accumulated other comprehensive income (loss) in equity. When an available-for-sale financial asset is derecognized, the gain or loss accumulated other comprehensive income (loss) in equity is reclassified to income or loss. The Company's available-for-sale financial assets are Investments available-for-sale and are comprised only of quoted equity securities.

Impairment of financial assets

All financial assets except those at fair value through profit or loss are tested for impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that a financial asset or group of financial assets suffered an impairment loss.

Objective evidence of impairment could include:

- Significant financial difficulty on the part of the issuer or obligor;
- A breach of contract such as a failure to pay interest or principal;
- Increasing the likelihood of bankruptcy or other financial reorganization of the borrower.

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. Disposal of available for sale investments and impairment of loans are presented in the financing section, if applicable.

Financial liabilities

Financial liabilities of the Company include trade and other payables.

Financial liabilities are subsequently measured at amortized cost using the method of effective interest rate.

5.3 Business combinations under common control

Business combinations under common control are accounted for prospectively from the date the Company obtains the ownership interest using the predecessor values method, whereby, assets and liabilities are recognized upon consolidation at their carrying amount recorded in the books of the acquired company.

5.4 Basic and diluted earning per share

Basic earning per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of common shares outstanding during the year. Diluted earning per share is calculated by adjusting the earning attributable to the owners of the Company and the weighted average number of common shares outstanding during the year by the effects of all dilutive potential ordinary shares, which include share options and warrants. It is assumed that the dilutive potential ordinary shares were converted or exercised into ordinary shares at beginning of the year or the date of issue of potential ordinary shares, if later. The assumed proceeds from these instruments shall be regarded as having been received from issuance of common shares at the average market price of common shares during the year.

5.5 Exploration and evaluation assets

All costs of acquiring mineral rights are recognized as exploration and evaluation assets. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase. Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

(In Canadian dollars)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 Exploration and evaluation assets (continued)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

5.6 Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property, plant and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace parts thereof.

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life applicable are as follows:

	Useful life
Computer equipment	30% declining balance
Office equipment	20% declining balance
Building	25 years

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

Construction in progress refers to property and equipment currently under construction. Construction in progress assets are recognized at cost and are not depreciated as the assets are not yet available-for-use.

5.7 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized annually on a straight-line basis at the following rates

	Useful life
Patent	18 years

5.8 Impairment of non financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company has no provisions as at May 31, 2015 and 2014.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.10 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting year, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax base. However, the deferred tax is not recognized at the time of initial recognition of goodwill or at the time of initial recognition of an asset or liability, unless the transaction giving rise thereto is a grouping of business or has an impact on accounting or taxable profit.

Deferred tax assets or liabilities are measured, without discounting, according to tax rates that are expected to apply during their respective period of realization when these rates are enacted or substantively enacted by the end of the year presentation of financial information.

The deferred tax assets are recognized to the extent that it is probable that they will offset future taxable income.

Deferred tax liabilities are always provided in full.

Deferred assets and liabilities are offset only when the Company has the right and intention to offset assets or tax liabilities arising from the same tax authorities.

Changes in deferred tax assets or liabilities are recognized in profit or loss as deferred tax, unless they concern items that have been recognized directly in equity, in which case the deferred tax is also recognized in equity.

5.11 Revenue recognition

Revenue from the Company's different agreements is assessed in order to determine whether they contain separately identifiable components. When separation is required, the consideration received or receivable is allocated amongst the separate components based on the relative fair values of each component. When the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item. The applicable revenue recognition criteria are applied to each of the separate components. Otherwise, the applicable revenue recognition criteria are applied to the combined components as a whole. Payments received under agreements may include payments received as licensing fees, royalty payments, as well as upfront payments.

Revenue for each separately identifiable component is recorded as follows:

(i) fixed payments received as revenue from intellectual property under licensing agreements are recognized into income when conditions and events under the license agreement have been met or occurred, the Company has no future involvement or obligations to perform related to the specified element of the arrangement and it is probable that the economic benefits associated with the transaction will flow to the Company;

(ii) royalty payments, for which the Company has no future involvement or obligations to perform related to that specified element of the arrangement, are recognized into income upon the achievement of the specified sales level and when it is probable that the economic benefits associated with the transaction will flow to the Company; and

(iii) non-refundable upfront payments received on the signing of agreements and regulatory milestone payments, which require the Company's ongoing involvement, are deferred and amortized in income on a straight-line basis over the expected period of performance of the related activities, provided that revenue subject to the achievement of milestones is recognized only when the specified events have occurred and it is probable that the economic benefits associated with the transaction will flow to the Company.

5.12 Employee benefits

Salaries and short-term employee benefits

Salaries and short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Corporation has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

5.13 Equity

Share capital

Proceeds from the issuance of common shares are classified as share capital. Issue costs directly attributable to additional shares and warrants are deducted from equity products during the year when these transactions took place, net of any underlying income tax benefit from these issue costs.

If shares are issued when options or warrants are exercised or when the conversion option of the convertible debenture is exercised, the share capital account also comprises the compensation costs or the equity portion of the convertible debenture previously recorded in contributed surplus or in warrants.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.13 Equity (continued)

Unit placements

Proceeds from unit placements are allocated proportionately between shares and warrants according to their respective fair values.

Share capital subscription received

Share capital subscription received includes amounts received for a share capital subscription for which the shares are not yet issued.

Warrants

Warrants include charges related to warrants. When warrants are exercised, the related compensation cost is transferred to share capital.

Contributed surplus

Contributed surplus includes expenses related to share options until the exercise of these options, the equity portion of the convertible debenture until the exercise of the conversion option and broker's warrants.

Deficit

Deficit includes all current and prior year retained profit or loss.

5.14 Share-based Payments

The Company operates a share based payments plan for directors, employes and consultants who qualify. No plan of the Company has the option of cash settlement.

All goods and services received in exchange for the granting of share-based payments are measured at fair value, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the fair value is determined indirectly by reference to the fair value of equity instruments granted.

The fair value of share based payments to employees and directors is determined by reference to the fair valued of equity instruments granted as of the grant date.

The share-based payments are ultimately recognized in the profit or loss with a corresponding credit to contributed surplus in shareholders' equity.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current year.

5.15 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Corporation has one reportable operating segment: the production of strawberries and other crops such as romaine lettuce and herbs. The majority of the Corporation's assets are located in Canada.

6. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements in conformity with IFRS, management makes a number of judgments, estimates and assumptions regarding the application of accounting policies and the recognition and measurement of assets, liabilities, revenues and expenses.

Actual results may differ from the judgments, estimates and assumptions made by management and they will rarely be identical to the results estimated. The information on judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses is presented below.

JUDGEMENTS

Going Concern

Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments. More information about the going concern assumption is disclosed in Note 2.

Impairment of equity method investments

An impairment loss or recovery in respect of an equity method investment is measured by comparing the recoverable amount of the investment with its carrying amount. For the purpose of its determination of recoverable amount, management used its judgement considering factors such as economic environment and the market in which the investee operates. See note 13 for more information.

Share-based payments and warrants

The estimation of share-based payments and warrants cost requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates of the volatility of its own shares based on volatility of comparable companies due to the recent significant changes in its business, and the expected life of options granted. The model used by the Company is the Black-Scholes valuation model.

(In Canadian dollars)

6. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value and useful life of intangible

The value of the intangible was determined based on the fair value of the considerations exchanged, which was based on the market price of the shares issued at the dates of issuance. Management judgementally used the maximum legal life of the patent as the useful life of the intangible for purposes of amortization. See notes 11 and 16.2 for more information.

Transaction under common control

The assessment of the business combination to be under common control involves making judgments. See note 7 for more information.

Withholding taxes

The Company is required to make certain judgments when they paid consultants regarding the statute of the consultant whether the consultant is an employee or not. The relevant tax authorities could challenge the position taken by the Company and claim that the consultants were, in fact, employees of the Company. In the event of a reassessment by the tax authorities, the Company could be liable to pay the taxes that should have been withheld, employer contributions, as well as interest and penalties thereon. Such a reassessment, may be material and would have an impact on the current taxes payable by the Company and therefore on the cash flow.

7. COMPANY ACQUISITION

On May 23, 2014, the Company acquired 100% of the equity instruments of 0957102 BC Ltd ("BC"), a British Columbia, Canada, based business, thereby obtaining control for a consideration in 2,765,000 shares of the Company (note 14.1 (i)). As part of the transaction, the Company agreed to issue an additional consideration of 2,435,000 common shares in the event BC becomes a licensed producer under the marijuana for medical purposes regulations. The acquisition of BC was made to reflect the Company's position as a producer and a seller of medical marijuana in Canada.

This acquisition was considered a business combination under common control, as the two entities, Affinor and BC, had a common shareholder, as at May 23, 2014. The acquisition has been accounted by the Company prospectively from the date of obtaining the ownership interest. Assets and liabilities have been recognized upon consolidation at their carrying amounts in the IFRS financial statements of BC.

On September 1, 2014, the Company and the shareholders of BC agreed to amend their original share purchase agreement concluded on May 23, 2014. The Company gave back to the BC shareholders all the issued and outstanding BC shares purchased by the Company pursuant to the original share exchange agreement, in consideration for which the BC shareholders gave back to the Company 2,500,000 common shares owned by Nick Brusatore a related person (note 14.1 (o)). In addition, the BC shareholders granted to the Company an irrevocable option to purchase all the issued and outstanding BC shares which option may be exercised no later than October 18, 2017, or upon receipt by BC of its Medical Marijuana growers license from Health Canada. In consideration for this option, the non-controlling shareholders of BC kept 265,000 shares of Affinor already received on May 23, 2014. As at September 1, 2014, the fair value of the consideration paid for this option was $ 169,600 which corresponds to the fair value of the shares of Affinor. As at May 31, 2015, management determinated that the fair value of this option was nil and recorded a charge of $ 169,600 in the statement of comprehensive loss. As at May 31, 2015, the Company also recorded an impairment loss of $ 61,304 for the entire amount of a loan receivable from BC.

On August 14, 2014, the Board of directors approved the issuance of 200,000 common shares of Affinor to Mr. Flowerdew as a finder's fee for facilitating this transaction with BC. The compensation resulted in an expense of $114,000 recorded in professional and consulting fees.

The information in the following table summarizes the consideration paid for BC and the amounts of the assets acquired and the liabilities that were recognized at the acquisition date at book value. As at September 1, 2014, the net assets have been de-consolidated from the consolidated financial statements using the carrying amounts that were used at the date of acquisition.

Consideration	
2,765,000 common shares (note 14.1 (i))	3,818
Total Consideration paid	3,818
Recognized amounts (predecessor values)	
Assets Acquired	
Property and equipment	5,000
Cash	68
Total	5,068
Liabilities taken over	
Trade and other payables	1,250
Total	1,250
Total recognized net assets	**3,818**

8. OTHER RECEIVABLES

	May 31, 2015	May 31, 2014
	$	$
Goods and services tax receivable	67,775	44,588
Other receivables	8,112	-
	75,887	44,588

(In Canadian dollars)

9. INVESTMENTS AVAILABLE FOR SALE

The Company holds marketable securities in two quoted public companies. The investments are measured at fair value using a level 1 input in the fair vaue hierarchy. The shares are publicly listed on a Toronto stock exchange venture and hence published price quotes are available. The aggregate amount of the investment can be summarized as follows:

	May 31, 2015	May 31, 2014
	$	$
Margaux Red Capital – 250,000 common shares (Nil common shares as at May 31, 2014)	33,750	-
Geonovus Media Corp. – 460,000 common shares and 150,000 warrants (Nil common shares as at May 31, 2014)	115,000	-
Total	148,750	-

On October 22, 2014, the Company sold a sub-license related to food growing technology to GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.) “GeoNovus”. Under the Agreement, Affinor sublicenses a vertical growing technology to GeoNovus for a facility in Langley, British Columbia, as well as in Uruguay, in exchange for 600,000 common shares of GeoNovus on signature of the Agreement, and another 600,000 common shares six months following the signature of the Agreement, subject to regulatory approval. GeoNovus will also pay a royalty of 3% to Affinor on all of its net sales. On March 31, 2015, GeoNovus informed Affinor that they will not proceed with the payment of the second tranche of 600,000 common shares and that due to a fundamental change in their business they decided to terminate the agreement. The 600,000 common shares already paid to Affinor are nonrefundable and remain the property of Affinor.

10. PROPERTY, PLANT AND EQUIPMENT

	Greenhouse	Computer equipment	Office equipment	Land	Building	Total
						$
Gross carrying amount						
Balance at June 1, 2014	-	-	5,000	-	-	5,000
Acquisition	948,964	4,034	5,863	163,200	176,800	1,298,861
De-consolidation of a subsidiary	-	-	(5,000)	-	-	(5,000)
Balance at May 31, 2015	948,964	4,034	5,863	163,200	176,800	1,298,861
Accumulated depreciation and impairment						
Balance at June 1, 2014	-	-	-	-	-	-
Amortization	-	461	964	-	5,919	7,344
Balance at May 31, 2015	948,964	461	964	-	5,919	7,344
Net carrying amount at May 31, 2014	**-**	**-**	**5,000**	**-**	**-**	**5,000**
Net carrying amount at May 31, 2015	**948,964**	**3,573**	**4,899**	**163,200**	**170,881**	**1,291,517**

As at May 31, 2015, property, plant and equipment included an amount of $ 1,288,964 related to the construction in progress of the Greenhouse project in St-Chrysostome, Quebec.

11. INTANGIBLE ASSETS

	Patent
	$
Gross carrying amount	
Balance at June 1, 2014	-
Acquisition (note 16.2)	1,494,443
Balance at May 31, 2015	1,494,443
Accumulated depreciation and impairment	
Balance at June 1, 2014	-
Amortization	50,406
Balance at May 31, 2015	50,406
Carrying amount at May 31, 2014	**-**
Carrying amount at May 31, 2015	**1,444,037**

(In Canadian dollars)

12. EXPLORATION AND EVALUATION ASSETS

	Balance as at June 1, 2014	Write-off (e)	Balance as at May 31, 2015
Quebec, Canada	$		$
Destor property (a)			
Mining rights	1	(1)	-
Exploration and evaluation expenses	-	-	-
	1	(1)	-
Joutel property (b)			
Mining rights	1	(1)	-
Exploration and evaluation expenses	-	-	-
	1	(1)	-
La Reine property (c)			
Mining rights	1	(1)	-
Exploration and evaluation expenses	-	-	-
	1	(1)	-
SP Property (d)			
Mining rights	1	(1)	-
Exploration and evaluation expenses	-	-	-
	1	(1)	-
Balance			
Mining rights	4	(4)	-
Exploration and evaluation expenses	-	-	-
	4	(4)	-

	Balance as at June 1, 2013	Acquisition	Write-down (e)	Balance as at May 31, 2014
Quebec, Canada	$	$	$	$
Destor property (a)				
Mining rights	20,834	-	(20,833)	1
Exploration and evaluation expenses	-	10,119	(10,119)	-
	20,834	10,119	(30,952)	1
Joutel property (b)				
Mining rights	60,000	246	(60,245)	1
Exploration and evaluation expenses	-	-	-	-
	60,000	246	(60,245)	1
La Reine property (c)				
Mining rights	15,000	-	(14,999)	1
Exploration and evaluation expenses	-	-	-	-
	15,000	-	(14,999)	1
SP Property (d)				
Mining rights	-	14,775	(14,774)	1
Exploration and evaluation expenses	-	-	-	-
	-	14,775	(14,774)	1
Balance				
Mining rights	95,834	15,021	(110,851)	4
Exploration and evaluation expenses	-	10,119	(10,119)	-
	95,834	25,140	(120,970)	4

a) Destor Property

During the year ended May 31, 2013, the Company decided to drop the 83 mining claims of the Destor property acquired in December 2011 for $ 5,000. In November 2012, the Company subsequently acquired 37 mining claims covering 1,593 hectares located on the same property for $ 2,334.

On February 28, 2013, the Company signed an agreement to acquire Destor Extension property in exchange for the issuance of 925,000 common shares. The Destor extension property is composed of 4 mining claims covering an area of 144 hectares located in Destor County. During the year ended May 31, 2014, the Company decided to not renew the mining claims.

b) Joutel property

On August 31, 2012, the Company signed an agreement to acquire the Joutel property for $ 10,000 in cash and 1,000,000 common shares. The Company paid these amounts in October 2012. The Joutel property is composed of 11 mining claims covering an area of 273 hectares located in the Joutel township In Abitibi, Quebec. During the year ended May 31, 2014, the Company decided to not renew the mining claims.

c) La Reine property

On February 28, 2013, the Company signed an agreement to acquire the La Reine property in exchange of the issuance of 750,000 common shares. The Joutel property is composed of 2 mining claims covering an area of 85 hectares located 25km from the old mine Dovan-Copper. During the year ended May 31, 2014, the Company decided to not renew the mining claims.

12. EXPLORATION AND EVALUATION ASSETS (continued)

d) SP property

On June 13, 2013, the Company signed an agreement to acquire the SP property in exchange of the issuance of 985,000 common shares. The property is composed of 7 mining claims covering 326 hectares. During the year ended May 31, 2014, the Company decided to not renew the mining claims.

e) Write-down

During the year ended May 31, 2014, the company had no intention to conduct explorations in the future. An impairment loss of $ 120,970 was recorded to retain a symbolic value of $ 1 per exploration and evaluation asset. During the year ended May 31, 2015, the total symbolic value of $ 4 was also written-off.

13. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

On August 4, 2014, Affinor acquired a 49% interest in Good to Grow LLC (“Good to Grow”), a medical Marijuana dispensary and grower located on the Olympic Peninsula in Washington State, for a consideration of US $ 600,000. The consideration was payable in cash, US $ 150,000 at the date of the transaction and US $ 75,000 over each of the next six months. On December 1, 2014, the Company and the owner of Good to Grow mutually agreed to declare the acquisition agreement null and void without further obligation and recourse to either party. The Contract Termination Agreement has been signed on August 11, 2015 with an effective date on December 1, 2014. As at December 1, 2014, the Company had made an investment of US $ 225,000 (CAD $ 250,448) in Good to Grow and according to the Contract Termination Agreement, the owner of Good to Grow agreed to reimburse US $ 75,000 to Affinor (the “loan”). This amount will be reimbursed if Good to Grow obtains its I-502 license from the Washington State Liquor Control Board and its gross revenue reach US $ 150,000 per month. The loan bears interest at a rate of 6% accruing from the date of the execution of the agreement. As at May 31, 2015, management established that there were objective evidence that the loan might be impaired due to the probability that the conditions would not be met. The Company recorded an impairment loss of CAD $ 250,448 for the entire amount of its investment, including the loan, in Good to Grow and was recorded in loss on disposal of investment in associates in the consolidated statement of comprehensive loss. The Company has no further obligation towards Good to Grow.

On September 8, 2014, Affinor acquired a 49% interest in Herbal Analytics LLC (“Herbal”), a Washington State testing laboratory, to provide quality control for cannabis products. Under the terms of the Membership Interest Purchase Agreement (the “membership agreement”), Affinor paid US $ 150,000 (CAD $ 165,900) cash for the 49% interest in Herbal, issued 949,612 of Affinor common shares at $ 0.56 ($ 531,800) for a consulting agreement with the other members of Herbal and loaned US $ 80,000 (CAD $ 98,096) in a repayable loan over a maximum of 4 years to Herbal. On September 23, 2014, Affinor and the three other members of Herbal amended the membership agreement and the operation agreement concluded on September 8, 2014 to rescind, and completely and immediately void, the consulting agreements concluded between Affinor and the three other members without further compensation to Affinor. As at May 31, 2015, management established that there was objective evidence that the investment in Herbal and the loan might be impaired due to the financial situation of this entity. The Company recorded an impairment loss of CAD $ 795,796 for the entire amount of the loan and of its investment in Herbal and was recorded in the impairment of investment in associates ($ 697,700) and impairment of loans ($ 98,096) in the consolidated statement of comprehensive loss. The Company has no further obligation towards Herbal. See note 14.1 (k).

14. EQUITY

14.1 Share Capital

Authorized share capital :

Unlimited numbers of common shares voting and participating, with no par value.

a) **On June 17, 2013**, the Company acquired the SP Property. The SP property contains 7 mining claims and covers 325 hectares. According to the terms of the transaction, the Company acquires 100 % of the 7 claims in exchange of the issuance of 985,000 common shares of the Company.

b) **On June 17, 2013** the Company closed a non brokered private placement in the amount of $ 96,500, through the sale of 6,433,333 common shares priced at $ 0.015 each. Approximately 49 % of the common shares were acquired by directors and officers of the Company. The Company was granted an exemption to the CNSX minimum price rule.

c) **On July 31, 2013**, the Company closed the second tranche of a non brokered private placement in the amount of $ 32,250, through the sale of 2,150,000 common shares priced at $ 0.015 each. Approximately 23 % of the common shares were acquired by the president and chief executive officer of the Company. The Company was granted an exemption to the CSE minimum price rule.

d) **On July 31, 2013** the Company entered into an agreement to early convert the $295,751 convertible debenture as well as its accrued interest of $ 14,915 by the issuance of 6,213,320 common shares at a deemed price of $ 0.05 per share.

e) **On March 28, 2014**, the Company entered into an agreement for debt settlement of $ 153,500 payable to directors with shares. The Company issued 614,000 common shares at a deemed price of $ 0.25 per share. The Company recorded a loss on settlement of financial liability of $ 55,260 in the statement of changes in equity.

f) **On April 4, 2014**, the Company announced the closing of the first tranche of a non-brokered private placement for gross proceeds of $ 1,007,659. The securities issued are composed of 4,030,636 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of two three-month period exercisable at $ 0.40 with an early exercise provision when the common shares of the Company trade above $ 0.75 for 20 consecutive trading days. The Company paid a finder’s fee of $ 35,023 and issued 140,090 broker warrants. Each broker warrant entitling to acquire one common share of the Company at a price of $ 0.40 with an early exercise provision when the common shares of the Company trade above $ 0.75 for 20 consecutive trading days.

14. EQUITY

14.1 Share Capital (continued)

g) **On April 14, 2014**, the Company appointed Nick Brusatore to its advisory board. The Company has issued 10,000,000 common shares of the company to Mr. Brusatore to prepare and execute the business model and financial plan required for the full-scale, mass production of marijuana for medical purposes. For the issuance of the 10,000,000 common shares, the Company recorded an expense of $ 3,800,000 included in Management fees. Mr. Brusatore will also receive an additional compensation of 5,000,000 common shares when the Company is granted its licence for production. The Company has granted 1,000,000 stock options to Mr. Brusatore to purchase common shares of the Company at an exercise price of $ 0.49 per share. The Company has agreed to pay a 10% finder's fee, payable in shares (1,000,000 common shares), to Michael Flowerdew for facilitating the agreement with Mr. Brusatore. This compensation resulted in an expense of $ 380,000 recorded in professional fees and consulting fees.

On May 5, 2014, the company and Nick Brusatore agreed to cancel the additional compensation of 5,000,000 common shares. This cancelation resulted in an additional expense recorded as Management fees of $ 2,100,000.

The fair value of the service received was determined by reference to the fair value shares using the quoted price of the day of issuance or cancelation because the fair value of the service could not be estimated reliably.

h) **On April 23, 2014**, the Company closed a second and final tranche of a non-brokered private placement for gross proceeds of $ 1,526,750. The securities issued are composed of 6,107,000 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of two three-month period exercisable at $ 0.40 with an early exercise provision when the common shares of the Company trade above $ 0.75 for 20 consecutive trading days. The Company issued 130,300 broker warrants. Each broker warrant entitling to acquire one common share of the Company at a price of $ 0.40 with an early exercise provision when the common shares of the Company trade above $ 0.75 for 20 consecutive trading days. The Company paid finder fees and other share insurance cost of $ 47,408.

i) **On May 23, 2014,** the Company acquired 100% of a private company in the final stage of obtaining their medical marijuana license. The Company is located in the province of British Columbia. The company issued 2,765,000 common shares and will issue 2,435,000 common shares when the issuance of a licence to BC. See note 7.

j) **On June 23, 2014,** the Company concluded an agreement for the exclusive technology license with Vertical Designs Ltd. (¨VDL¨) a company under control of a director and a significant shareholder of the Company. Under the terms of the agreement, the Company issued 666,666 common shares at a deemed price of $ 0.76 per share to VDL and will pay a 5% royalty on the net sales of production. See note 16.2.

k) **On September 8, 2014**, the Company acquired a 49% interest in Herbal Analytics, a Washington State testing laboratory. Under the term of the agreement, the Company paid $ 150,000, US $ 80,000 in a repayable loan over a maximum of 4 years and issued 949,612 common shares. See note 13.

l) **On September 26, 2014**, the Company retained the services of Sigorex Management GMBH (''Sigorex'') to provide investor relations services, subject to regulatory approval. In consideration for Sigorex's services, the Company has agreed to pay a fee of US $ 125,000 immediately and an additional US $ 50,000 in two equal payments, one after three months and one after six months. The Company has granted to three consultants a total of 300,000 incentive stock options to purchase common shares. The options are exercisable on or before September 22, 2019 at an exercise price of $ 0.40 per option. On December 1, 2014, the Company cancelled the investors relations agreement, only the first payment of US $ 125,000 was made.

m) **On October 16, 2014,** the Company engaged Secure Strategy Group for financial and corporate advisory services. Under the terms of the agreement, Secure Strategy Group will receive a monthly cash advisory fee of US $ 8,000 and 1,000,000 warrants of the Company that are exercisable into 1,000,000 common shares of the Company at an exercise price of $ 0.32 per share on or before October 16, 2017.

n) **On October 17, 2014,** the Company engaged Bruce Bedrick for financial and corporate advisory services. Under the terms of the agreement, Bruce Bedrick will receive 1,000,000 warrants of the Company that are exercisable into 1,000,000 common shares of the Company at an exercise price of $ 0.32 per share on or before October 17, 2017. These warrants replace the 600,000 options that were previously issued to Mr. Bedrick on September 2, 2014. The Company did modification accounting which resulted in incremental compensation cost of $ 72,000.

o) **On October 18, 2014**, the Company and the BC shareholders agreed to cancel the original agreement. The Company gave back to the BC shareholders all the issued and outstanding BC shares purchased by the Company pursuant to original share exchange agreement, in consideration for which the BC shareholders gave back to the Company 2,500,000 common shares. The BC shareholders granted to the Company an irrevocable option to purchase all the issued and outstanding BC shares which option may be exercised no later than October 18, 2017. See note 7.

p) **On October 21, 2014**, the company entered into an exclusive patent license agreement with VDL to become the commercial licensor of VDL patented, food growing technology on a worldwide territory excluding only Ontario, Alberta and the Maritimes (the «Territory»). Under the terms of the agreement, the Company will use VDL's technology to produce high quality non-GMO fruits and vegetables, royalty free to VDL. An initial entry fee is paid to VDL by the issuance of an additional 722,222 common shares of the Company at the deemed price of $ 0.26 per share. Also under the agreement, the Company will be able to sublicense VDL's technology for fruits and vegetables to any other company of facility on the territory and receive a royalty on sub-licensed production. The Company will receive 50% of any fee or royalty paid to it by any sublicensee of the VDL technology, the other portion being paid to VDL. See note 16.2.

q) **On December 2, 2014**, the Company appointed Pierre C. Miron as VP Finance, CFO & Director. Under the terms, Mr. Miron will receive 300,000 incentive stock options to purchase common shares. The options are exercisable on or before December 1, 2017, at an exercise price of $ 0.22 per share.

r) **On December 19, 2014,** the Company hired Hugh Bowman as Advisor. Under the terms of the agreement, M. Bowman will receive 300,000 incentive stock options to purchase common shares. The options are exercisable on or before December 18, 2017, at an exercise price of $ 0.25 per share.

(In Canadian dollars)

14. EQUITY

14.1 Share Capital (continued)

s) **On January 12, 2015,** the Company completed the acquisition and ownership, development and commercialization rights of the farming technology ''Method and Apparatus for Automated Horticulture and Agriculture'' Patent from Vertical Designs Ltd (''VDL''). Under the terms of the agreement, the Company becomes the patent holder and issued to VDL in consideration an additional 5,000,000 common shares at a price of $0.16 per share.

t) **On January 27, 2015**, the Company signed a consulting services agreement with the consulting firm PRC Partners (''PRC'') Ltd. Under the terms of the agreement, PRC will receive 1,500,000 common shares of the Company and 500,000 stock options exercisable at $ 0.15 per shares on or before July 28, 2015.

u) **On February 2, 2015**, the Company issued 1,025,642 shares to Kodiak Capital Group in relation to an Equity Purchase Agreement and a Registration Rights Agreement. On February 26, 2015, the Company requested that the shares were cancelled since they did not proceed with the agreements. The share certificates have been received on August 4, 2015 and the shares were cancelled on September 1, 2015.

v) **On February 11, 2015,** the Company closed a non-brokered private placement for gross proceds of $ 105,000. The securities issued are composed of 700,000 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of 24 month exercisable at $ 0.30.

w) **On February 19, 2015,** the Company announced that it has entered into a $ 30 million US equity line facility agreement with Dutchess Opportunity Fund II, a Delaware limited partnership. Access to this facility is contingent upon the Company meeting several conditions, which are not meet as of the date of the financial statements. The Company will not use the line of credit until the market situation improves significantly.

14.2 Warrants

Outstanding warrants are as follows:

	May 31, 2015		May 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	$	$	$	$
Balance, beginning of the year	10,137,636	0.40	4,800,000	0.10
Issued	2,700,000	0.31	10,137,636	0.40
Exercised	(2,655,000)	0.40	-	-
Expired warrant	-	-	(4,800,000)	0,10
Balance, end of the year	10,182,636	0.38	10,137,636	0,40

The number of warrants outstanding exercisable in exchange for an equivalent number of shares is as follows:

	May 31, 2015			May 31, 2014		
Expiration date	Number	Exercise price	Weighted average remaining contractual life	Number	Exercise price	Weighted average remaining contractual life
		$			$	
April 4, 2016	635,000	0.40	0.85	635,000	0.40	1.85
April 7, 2016	3,045,636	0.40	0.85	3,395,636	0.40	1.85
April 11, 2016	1,080,000	0.40	0.87	1,080,000	0.40	1.87
April 14, 2016	564,000	0.40	0.87	564,000	0.40	1.87
April 16, 2016	178,000	0.40	0.88	218,000	0.40	1.88
April 22, 2016	360,000	0.40	0.90	360,000	0.40	1.90
April 23, 2016	1,620,000	0.40	0.90	3,885,000	0.40	1.90
February 12, 2017	700,000	0.30	1.71	-	-	-
October 16, 2017	2,000,000	0.32	2.38	-	-	-
	10,182,636	0.38	1.22	10,137,636	0,40	1.88

The Company granted 2,000,000 warrants to consultants during the year ended May 31, 2015 (nil in 2014) and 700,000 for the private placement during the year ended May 31, 2015 (10,137,636 in 2014). The fair value of warrants of $ 589,016 (nil in 2014) and $ 34,965 (951,093 in 2014) repectively was calculated using the Black-Scholes option pricing model and the following weighted average assumptions:

The underlying expected volatility was determined in reference to historical data of comparable companies over the expected life period.

(In Canadian dollars)

14. EQUITY

14.2 Warrants (continued)

	May 31, 2015	May 31, 2014
	$	$
Risk-free interest rate	0.965 %	1.08%
Expected volatility	125%	125%
Expected life	2.74 years	2 years
Expected dividend	-	-
Fair value of warrants granted	0.19	0.09
Share price at date of issuance	0.27	0.36

14.3 Broker's warrants

Outstanding broker's warrants are as follows:

	May 31, 2015		May 31, 2014	
	Number of brokers warrants	Weighted average exercise price	Number of brokers warrants	Weighted average exercise price
		$		$
Balance, beginning of the year	270,390	0.40	-	-
Exercised	(54,925)	0.40	-	-
Issued private offerings	-	-	270,390	0.40
Balance, end of the year	215,465	0.40	270,390	0.40

The number of broker's warrants outstanding exercisable in exchange for an equivalent number of shares is as follows:

	May 31, 2015			May 31, 2014		
Expiration date	Number	Exercise price	Weighted average remaining contractual life	Number	Exercise price	Weighted average remaining contractual life
		$			$	
April 4,2016	85,165	0.40	0.85	140,090	0.40	1.85
April 14, 2016	108,000	0.40	0.87	108,000	0.40	1.87
April 16, 2016	13,800	0.40	0.88	13,800	0.40	1.88
April 23, 2016	8,500	0.40	0.90	8,500	0.40	1.90
	215,465	0.40	0.86	270,390	0.40	1.86

The underlying expected volatility was determined in reference to historical data of comparable companies over the expected life period.

The fair value of the broker's warrants was calculated using the Black-Scholes option pricing model and the following weighted average assumptions:

	May 31, 2015	May 31, 2014
Risk-free interest rate	-	1.065%
Expected volatility	-	125%
Expected life	-	2 years
Expected dividend	-	-
Share price at date of issuance	-	0.36

14.4 Share-based payments

The Company maintains a share-based payment plan (the “Plan”) whereby the Board of Directors may from time to time grant to employees, staff members and consultants, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board but cannot be lower than the market price.

The plan provides that the maximum number of common shares in the capital of the Company which may be reserved for issuance under the plan may not exceed 10 % of the publicly traded shares issued and outstanding on the grant date of the options (on a non-diluted basis), this number being equal to 7,257,587 shares on May 31, 2015.

Options granted are exercisable at the day of grant except for persons performing investor relations activities. Options granted to supplier of investor's relations services must at a minimum vest in stages over a period not less than 12 months with no more than one fourth of the options vesting in any three-month period.

A summary of changes in the Company's common share purchase options is as follows:

(In Canadian dollars)

14. EQUITY

14.4 Share-based payments (continued)

	May 31, 2015		May 31, 2014	
	Number of options outstanding and exercisable	Weighted average exercise price	Number of options outstanding and exercisable	Weighted average exercise price
		$		$
Balance, beginning of the year	4,620,000	0.26	-	-
Granted	3,950,000	0.38	5,620,000	0.23
Exercised	(1,470,000)	0.16	(1,000,000)	0.10
Cancelled	(600,000)	0.57	-	-
Balance, end of the year	6,500,000	0.34	4,620,000	0.26

The number of common share purchase options outstanding exercisable in exchange for an equivalent number of shares is as follows:

		May 31, 2015
Number	Exercise price	Weighted average remaining life
	$	
1,500,000	0.10	3.00
550 000	0.15	2.91
300,000	0,22	2.58
600,000	0.25	3.25
200,000	0.30	4.67
400,000	0.33	3.89
300,000	0.35	3.83
300,000	0.40	4.42
300,000	0.47	4.18
1,350,000	0.49	3.90
200,000	0.67	4.08
100,000	0.71	4.00
100,000	0.80	4.00
200,000	0.85	4.56
100,000	1.03	4.00
6,500,000	0.34	3.62

		May 31, 2014
Number	Exercise price	Weighted average remaining life
	$	
250,000	0.05	4.73
1,920,000	0.10	4.49
400,000	0.33	4.88
600,000	0.35	4.86
1,000,000	0.49	4.95
350,000	0.49	4.95
100 000	0.80	5.00
4,620,000	0.26	4.73

Of the options outstanding at May 31, 2015, a total of 3,400,000 (2014 – 3,200,000) are held by key management personnel.

The weighted average share price at the date of exercise for share options exercised in 2015 was $ 0.39.

The Company granted 3,950,000 stock options during the year ended May 31, 2015 (5,620,000 in 2014) to directors and consultants. The fair value of these options is of $ 878,254 ($ 910,462 in 2014) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

The underlying expected volatility was determined by reference to historical data of comparable companies over the expected life period.

	May 31, 2015	May 31, 2014
	$	$
Risk-free interest rate	1.141 %	1.675 %
Expected volatility	125 %	125 %
Expected life	3.61 years	5 years
Expected dividend	-	-
Fair value of options granted	0.27	0.16
Share price at date of grant	0.35	0.19

(In Canadian dollars)

15. EARNINGS PER SHARE

Both the basic and diluted earning per share have been calculated using the net loss of $ 5,356,262 (2014 – $ 8,121,543), and a weighted average number of common shares outstanding during the year.

The calculation of diluted earning per share for the years ended May 31, 2015 and 2014 is the same as basic earning per share because share options and warrants were excluded from the diluted weighted average number of common shares' calculation, as their effect would have been anti-dilutive. However, these securities could potentially dilute earning per share in the future periods. Details on the share options and the warrants with a potentially dilutive effect on earnings per share are presented in note 14.

16. RELATED PARTY TRANSACTIONS

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

The Company's related parties include directors, key management and companies controlled by directors and key management, as described below.

16.1 Transactions with key management personnel

Key management of the Company are members of the Board of Directors and officers. Key management compensation allocated includes the following expenses:

	May 31, 2015	May 31, 2014
	$	$
Short-term key management benefits		
Social security cost	12,501	807
Salaries	146,984	40,415
Professional fees	-	51,000
Others	-	5,862
Total short-term management benefits	159,485	98,084
Management fees	300,000	6,046,298
Consulting fees	182,429	52,260
Share-based payments	335,465	552,326
Total remuneration	931,614	6,748,968

The management fees consist of $150,000 for the services rendered by the Chairman of the board of the Company during the year on a month-to-month basis, and $150,000 for the services rendered by the President and CEO of the Company as per his agreement dated December 1, 2013 and with a December 31, 2015 termination date.

The consulting fees includes $136,666 for the services rendered by two directors of the Company during the year.

The Company has a payable of $ 100,176 ($ 34,334 in 2014) for consulting, management fees and other operating expenses to companies controlled by directors of the Company and to directors as at May 31, 2015.

16.2 Transactions with a shareholder

On June 23, 2014, Affinor acquired an exclusive license to grow market-ready strawberries using automated, software-driven, vertical farming technology from Vertical Designs Ltd. (VDL), a company controlled by the Chairman of the board of Affinor. This license was acquired for the use of the technology "*Method and Apparatus for Automated Horticulture and Agriculture*" on the territory of the province of Saskatchewan, Canada. Affinor paid an initial, up-front non-refundable entry fee by the issuance of 666,666 shares of Affinor at the date of the transaction valued at $ 506,666, being the market price of the shares issued at date of issuance. In addition, Affinor would have paid to VDL a royalty payment of 5% of the net sale of the licensed products. No royalties have been recorded for the year-ended May 31, 2015. This license remain in force for the unexpired term of the patent which was estimated to 18 years.

On October 21, 2014, Affinor and VDL agreed to terminate the license agreement concluded on June 23, 2014 and replaced it by a new license agreement. This new license agreement was acquired also to grow market-ready strawberries using automated, software-driven, vertical farming technology from VDL. The license was acquired for a worldwide use of the technology, other than the Canadian provinces of Alberta, Ontario, Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island. Affinor paid an additional initial, up-front non-refundable entry fee by the issuance of 722,222 shares based on the weighted average price for the ten days immediately prior to the date of the transaction, over and above the 666,666 shares of Affinor issued on June 23, 2014. The additional consideration, valued at $ 187,777 was valued at the market price of the shares at the issuance date. In addition, Affinor would have paid to VDL the following royalties:

a) an amount equal to 50% of any licensing fee or royalty received by Affinor from the sublicense sold after January 1, 2017;

b) an amount equal to 50% of Affinor's gross margin from the sale of licensed equipment or any equipment incorporating the licensed patent, in respect of licensed equipment sold after January 1, 2017; and

c) a royalty payment corresponding to 50% of any fees paid to Affinor by sublicenses, other than those specified in (a) and (b) above, received after January 1, 2017.

(In Canadian dollars)

16. RELATED PARTY TRANSACTIONS (continued)

16.2 Transactions with a shareholder (continued)

The term of this agreement was for an initial term of five years and shall be automatically renewed for successive periods of one year, unless either party provides, within 90 days of the expiration of any given term, written notice of its intention not to renew for the upcoming term.

On January 12, 2015, Affinor completed the acquisition of the ownership and commercialization rights of the farming technology "*Method and Apparatus for Automated Horticulture and Agriculture*" Patent from VDL for a consideration paid by the issuance of an additional 5 million shares valued at $ 800,000, being the market price of the shares issued at date of issuance, over and above the 1,388,888 shares of Affinor issued on June 23, and October 21, 2014. This patent has been patented in 2013 and the remaining years of this Canadian patent is 18 years. Affinor also acquired the option to buy the vertical technology for a consideration of $ 1 million by the issuance of shares based on the then market price of the shares of the Company when this technology will be patented.

16.3 Other related party transactions

Refer to note 7 for business acquisition under common control transaction.

The Company paid $ 110,000 on behalf of the Chairman of the board during the year related to lawyers' fees for his defence in the Abbatis case.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

17.1 Accounting classification and fair values

The fair value of financial assets and liabilities, together with the carrying amounts presented in the statement of financial position, are as follows:

	May 31, 2015		May 31, 2014	
	Book value	**Fair value**	**Book value**	**Fair value**
	$	$	$	$
Financial assets				
Assets carried at amortized cost				
Cash	2,662	2,662	1,944,644	1,944,644
Other receivables	8,112	8,112	-	-
Assets carried at fair value				
Investments available for sale	148,750	148,750	-	-
	159,524	159,524	1,944,644	1,944,644
Financial liabilities				
Liabilities carried at amortized cost				
Trade and other payables	875,255	875,255	249,850	249,850
	875,255	875,255	249,850	249,850

Fair value hierarchy

The investments available for sale are measured using level-1 inputs of the fair value hierarchy.

17.2 Risks

The Company is exposed to various risks related to its financial assets and liabilities. The main types of risks to which the Company is exposed are market risk, credit risk, liquidity risk and currency risk.

No change has been made in terms of objectives, policies or procedures related to the management of risks arising from financial instruments during year of financial reporting considered.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company is exposed to market risk from its investments available for sale. The Company does not trade in financial assets for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its obligations. The Company also issued shares and share instruments as consideration for investments, compensation and services.

As at May 31, 2015 and 2014, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

17.2 Risks (continued)

Liquidity risk (continued)

As at May 31, 2015, the Company presents a negative working capital of $ 625,319. The ability of the Company to continue its activities relies upon the supports of its suppliers and obtaining additional financing (refer to note 2).

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Cash is held with a Canadian chartered bank which reduces the risks. The Company's credit risk relates to cash balances and other receivables.

Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company Income Statement, which is the effect of currency rates on expected future cash flows and investments. The principal foreign exchange transaction exposure comprises both the geographical location of our sales of licence in the USA and the sourcing of raw material, labour and overhead office being in Canadian dollar.

18. INCOME TAXES

Major components of the tax expense (income) are outlined below:

	May 31, 2015	May 31, 2014
	$	$
Deferred income taxes		
Origination and reversal of temporary differences	-	(43,191)
Prior period adjustments	-	8
Income taxes	-	(43,183)

Relationship between expected tax expense and accounting net loss

The Company's expected income tax rate is different from the combined federal and provincial income tax rate in Canada. This difference results from the following elements :

	May 31, 2015	May 31, 2014
	$	$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.9 % (26.9 % in 2014)	(1,450,223)	(2,196,311)
Adjustment for the following items :		
Deferred income and tax assets unrecognized on temporary differences during the year	443,792	1,263,954
Impact of change in tax rates	975,171	811,678
Expired loss	345	77,489
Adjustment of previously deferred taxes	8,000	8
Other	22,915	-
Income taxes	-	(43,183)

Deferred tax assets and liabilities

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes:

			May 31, 2015
	Deferred tax assets	Deferred tax liabilities	Net
Recognized deferred tax assets and liabilities	$	$	$
Convertible debenture	-	-	-
Non-Capital losses	-	-	-
	-	-	-

			May 31, 2014
	Deferred tax assets	Deferred tax liabilities	Net
Recognized deferred tax assets and liabilities	$	$	$
Convertible debenture	-	-	-
Non-Capital losses	-	-	-
	-	-	

(In Canadian dollars)

18. INCOME TAXES (continued)

Deferred tax assets and liabilities (continued)

The Company has the following timing differences for which no deferred income tax has been recognized:

		May 31, 2015
	Fédéral	Provincial
	$	$
Exploration and evaluation assets	2,290,065	2,343,399
Non-capital losses	6,770,278	6,704,611
Share issue cost	50,268	50,268
Property and equipment and other intangibles	1,030,953	1,024,954
Unrealized loss on investments	555,890	555,890
	10,697,454	10,679,122

		May 31, 2014
	Fédéral	Provincial
	$	$
Exploration and evaluation assets	2,343,395	2,343,395
Non-capital losses	6,558,659	6,490,700
Capital losses	67,160	67,160
Property and equipment	106,012	100,013
	9,075,226	9,001,268

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of $ 2,875,778 as at May 31, 2015 ($ 2,431,462 as at May 31, 2014).

	Balance as at May 31, 2014	Recognized in equity	Recognized in contributed surplus	Recognized in profit and loss	Balance as at May 31, 2015
	$	$	$	$	$
Non-capital losses	-	-	-	-	-
Convertible debenture	-	-	-	-	-
	-	-	-	-	-

	Balance as at May 31, 2013	Recognized in equity	Recognized in contributed surplus	Recognized in profit and loss	Balance as at May 31, 2014
	$	$	$	$	$
Non-capital losses	(30,991)	(63,646)	(6,303)	38,958	-
Convertible debenture	30,991	26,766	-	4,225	-
	-	(36,880)	(6,303)	43,183	-

The Company has non-capital losses of $ 6,770,278 ($ 6,704,610 in Provinces) which are available to reduce income taxes in future periods, for which no deferred income tax asset has been recognized in the statement of financial position, that can be carried over the following years :

	Federal	Provincial
	$	$
2026	189,403	173,833
2027	447,669	403,836
2028	345,425	344,646
2029	139,272	137,137
2030	36,680	36,680
2031	62,671	62,671
2032	87,086	87,082
2033	205,485	204,949
2034	5,018,714	5,015,903
2035	237,873	237,873
	6,770,278	6,704,610

Accumulated federal investment tax credits of $ 6,499 are available to be applied against future tax payable. These federal investment tax credits may be carried forward for 20 years and will expire between 2026 and 2028.

(In Canadian dollars)

19. SUPPLEMENTAL CASH FLOWS INFORMATION

	May 31, 2015	May 1, 2014
	$	$
Net Change in working capital is explained as follow :		
Other receivables	(45,585)	(23,830)
Prepaid expenses	147,976	(170,613)
Trade and other payables	378,604	302,225
Total	480,995	107,782

	May 31, 2015
	$
The Company entered into the following transactions which had no impact on the cash flows:	
Acquisition of investment in Geonovus in exchange of a sublicense sold	285,714
Acquisition of property, plant and equipment financed by trade and other payables	247,983
Acquisition of intangibles in exchange of common shares	1,494,443
De-consolidation of subsidiary	3,818
Issuance of common shares in exchange of consultant and management services	503,666
Issuance of common shares for an option to purchase interests in a Company	169,600
Issuance of common shares for investment in associates	531,800

20. CAPITAL MANAGEMENT

For the purpose of capital management, capital consists of shareholders' equity. The capital is $ 2,110,235 as at May 31, 2015 ($ 1,914,999 as at May 31, 2014).

The objective of the Company's capital management is to preserve its ability to continue its operations. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

The Company is not subject to external capital requirements.

There were no changes in the Company's approach to capital management during the year.

21. COMMITMENTS

21.1 Leases

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$	$	$	$
May 31, 2016	18,425	-	-	18,425

The Company leases its offices under a lease expiring in April 2016. Lease payments recognized as an expense during the reporting period amount to $ 12,595 ($ 1,255 in 2014). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing.

21.2 Other commitments

In December 2013, the Company signed a service contract, with a company controlled by one of the officers of the Company, for consulting and financial services for an annual amount of $ 123,000 for the first year and $ 150,000 for the second year. This agreement started on December 1st, 2013 and will end on December 31, 2015. On May 31, 2015, the balance of this commitment was $ 87,500.

In October 2014, the Company signed a contract for a consulting service for an amount of US $ 110,452. On May 31, 2015, the balance of this commitment was US $ 48,000.

22. EVENT AFTHER THE REPORTING PERIOD

On July 2, 2015, a legal mortgage of $48,519 was registered on the construction in progress in favor of 9170-3694 Québec Inc.

On August 18, 2015, the Company has appointed Gary Lloyd, a Canadian food business expert, as a member of Affinor's board of directors and the chairman of the strategic committee. Under the terms of the agreement, Mr. Lloyd will receive one million incentive stock options to purchase common shares at 10 cents per share and one million incentive stock options to purchase common shares at 20 cents per share. The options are exercisable on or before August 17, 2020.

22. EVENT AFTHER THE REPORTING PERIOD (continued)

On September 11, 2015 the Company closed a non-brokered private placement for gross proceeds of $ 755,000. The securities issued are composed of 15,100,000 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of 12 month exercisable at $ 0.15. In connection with the financing, a finder's fee of $ 8,750 was paid to a third party as well as $10,500 to Haywood Securities Inc. The management and board of directors of Affinor participated for $ 215,000 in the financing.

On September 11, 2015, the Company has also agreed to settle a total of $126,785 of debt relating to Dr. Bruce Bedrick by issuing an aggregate of 2,535,700 common shares of Affinor at a deemed price of five cents per share. Dr. Bedrick's warrants are repriced at 10 cents each, with the same maturity date of Oct. 16, 2017.