MAPLE LEAF GREEN WORLD INC.

FINANCIAL STATEMENTS
December 31, 2014
(Expressed in Canadian dollars, unless otherwise stated)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAPLE LEAF GREEN WORLD INC.

We have audited the accompanying financial statements of Maple Leaf Green World Inc., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Maple Leaf Green World Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 27, 2015

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MAPLE LEAF GREEN WORLD INC.
Statements of Loss and Comprehensive Loss
[Expressed in Canadian dollars]

	Notes	Years ended December 31, 2014	2013
Revenue		**$ -**	$ 40,570
Cost of sales		-	(41,187)
		-	(617)
Operating expenses			
Consulting fees	12	**159,046**	1,778
Depreciation and amortization		**1,630**	87,538
Filing and transfer agent		**9,292**	8,711
Foreign exchange gain		**(26,089)**	(27,035)
Interest and bank charges	10	**640**	54,301
Interest and other income	18	**(39,275)**	(26,800)
Management salaries	12	**90,000**	90,000
Meals and entertainment		**4,646**	7,029
Office		**34,833**	25,724
Professional fees		**89,483**	53,379
Rent	18	**44,604**	62,683
Salaries and wages	12	**16,500**	107,488
Shareholder information and promotion		**8,493**	5,436
Telephone		**6,134**	6,127
Travel and promotion		**9,075**	7,902
Change in biological assets	6	-	32,959
Loss on disposal of subsidiary	6	-	84,657
Gain on settlement of convertible debentures	10	**(47,212)**	-
		361,800	581,877
Loss for the year		**(361,800)**	(582,494)
Comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Transfer of exchange differences on disposal of subsidiary		-	(51,733)
Comprehensive loss for the year		**$ (361,800)**	$ (634,227)
Loss per share			
Basic and diluted		**$ (0.004)**	$ (0.007)
Weighted average number of shares outstanding - basic and diluted		**87,656,427**	85,818,482

MAPLE LEAF GREEN WORLD INC.
Statements of Financial Position
[Expressed in Canadian dollars]

	Notes		As at December 31, 2014		2013
ASSETS					
Current assets					
Cash		$	**28,404**	$	363,618
Receivables and deposits	7		**54,076**		3,027
			82,480		366,645
Property, plant and equipment	8		**1,370**		3,000
Total assets		$	**83,850**	$	369,645
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12	$	**350,193**	$	411,761
Short-term loans	9		**-**		965
Convertible debentures	10		**-**		210,712
Deposits	18		**11,146**		11,146
Total liabilities			**361,339**		634,584
Equity (deficit)					
Share capital	11		**8,883,639**		8,570,889
Other reserves			**4,556,242**		4,519,742
Deficit			**(13,717,370)**		(13,355,570)
Total equity (deficit)			**(277,489)**		(264,939)
Total liabilities and equity		$	**83,850**	$	369,645

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai	(signed) Daniel Chu
Director	Director

MAPLE LEAF GREEN WORLD INC.
Statements of Changes in Equity (Deficit)
[Expressed in Canadian dollars]

	Share capital		Other Reserves					
	Number of common shares	**Amounts**	**Share-based payments reserve**	**Warrant reserve**	**Foreign currency translation reserve**	**Total - other reserves**	**Deficit**	**Total equity**
At January 1, 2014	**86,486,427**	**$8,570,889**	$4,519,742	$ -	$ -	**$4,519,742**	**$ (13,355,570)**	**$ (264,939)**
Loss for the year	**-**	**-**	-	-	-	**-**	**(361,800)**	**(361,800)**
Units issued, net of share issuance costs	**3,650,000**	**312,750**	-	36,500	-	**36,500**	**-**	**349,250**
At December 31, 2014	**90,136,427**	**$8,883,639**	**$4,519,742**	**$ 36,500**	**$ -**	**$4,556,242**	**$ (13,717,370)**	**$ (277,489)**

	Share capital		Other Reserves					
	Number of common shares	Amounts	Share-based payments reserve	Warrant reserve	Foreign currency translation reserve	Total - other reserves	Deficit	Total equity
At January 1, 2013	84,186,427	$8,515,314	$4,519,742	$ -	$ 51,733	$4,571,475	$ (12,773,076)	$ 313,713
Loss for the year	-	-	-	-	-	-	(582,494)	(582,494)
Accumulated other comprehensive income recognized on sale of subsidiary	-	-	-	-	(51,733)	(51,733)	-	(51,733)
Units issued, net of share issuance costs	2,300,000	55,575	-	-	-	-	-	55,575
At December 31, 2013	86,486,427	$8,570,889	$4,519,742	$ -	$ -	$4,519,742	$ (13,355,570)	$ (264,939)

MAPLE LEAF GREEN WORLD INC.
Statements of Cash Flows
[Expressed in Canadian dollars]

	Years ended December 31, 2014	2013
OPERATING ACTIVITIES		
Loss for the year	**$ (361,800)**	$ (582,494)
Items not affecting cash:		
Depreciation and amortization	**1,630**	87,538
Loss on disposal of subsidiary	**-**	84,657
Accretion on convertible debentures	**-**	30,846
Accretion interest on short-term loans	**-**	6,386
Change in biological assets	**-**	32,959
Gain on debt settlements	**(47,212)**	-
Foreign exchange loss	**-**	85,810
	(407,382)	(254,298)
Non-cash working capital adjustments:		
Receivables and deposits	**(51,049)**	12,463
Inventory and biological assets	**-**	41,187
Accounts payable and accrued liabilities	**(61,568)**	(8,221)
Cash flows used in operating activities	**(519,999)**	(208,869)
INVESTING ACTIVITY		
Proceeds on disposal of subsidiary	**-**	575,946
Cash flows from investing activity	**-**	575,946
FINANCING ACTIVITIES		
Issuance of common share units	**365,000**	55,575
Share issuance costs	**(15,750)**	-
Funds from convertible debentures	**-**	50,000
Funds from short term loans	**-**	141,136
Repayment of short-term loans	**(965)**	(250,896)
Repayment of convertible debentures	**(163,500)**	(11,500)
Cash flows from (used in) financing activities	**184,785**	(15,685)
Net increase (decrease) in cash	**(335,214)**	351,392
Cash, beginning of year	**363,618**	12,226
Cash, end of year	**$ 28,404**	$ 363,618

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. (“Maple Leaf” or the “Company”), is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol MGW.V. The corporate office is located at 2916B 19 Street NE, Calgary, Alberta T2E 6Y9.

Maple Leaf is currently exploring opportunities for its eco-agriculture nursery business, including medical marijuana in Canada, and its renewable energy business in China. To date, the Company has not yet generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception.

During the year ended December 31, 2013, the Company disposed of its wholly-owned subsidiary, Inner Mongolia Maple Leaf Reforestation Co. Ltd. (“Inner Mongolia Forestry”), to a third party.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on April 27, 2015.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred significant operating losses since inception, has limited financial resources, and no significant sources of positive operating cash flow. As at December 31, 2014, the Company has a deficit of $13,717,370 (2013 - $13,355,570) and a working capital deficiency of $278,859 (2013 - $267,939).

Management recognizes that the ability of the Company to carry out its planned business obligations depends on its ability to raise adequate financing from shareholders and other investors, and achieving profitable operations in the future. If the Company is not able to raise additional funds, there would be significant doubt that the Company would be able to continue as a going concern and operations may have to be curtailed. There is no assurance that the Company will be able to obtain adequate financing. The Company is actively trying to raise other sources of financing.

These financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities that may be required should the Company be unable to continue as a going concern.

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These financial statements have been prepared on a historical basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these financial statements is presented in Canadian dollars, except as otherwise stated.

(c) Comparative figures and functional currency

The comparative figures of these financial statements include the accounts of Maple Leaf and its former wholly-owned Chinese subsidiary, Inner Mongolia Forestry, which the Company disposed of to a third party effective November 29, 2013 (note 6). The functional and reporting currency of the Company is the Canadian dollar.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Effective January 1, 2014, the Company has applied the following new and amended standards issued by the IASB, with no material impact to the financial statements.

IFRIC 21 *Levies*

Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgments and estimates

Preparing the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas where actual results could differ from those estimates relate to, but are not limited to, the following:

<u>Income taxes</u>

Management makes estimates in determining the appropriate rates and amounts in recording deferred income tax assets or liabilities, giving consideration to timing and probability. Actual taxes could vary significantly from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to the Company's tax assets and tax liabilities. The recognition of deferred income tax assets is subject to estimates over whether these amounts can be realized.

<u>Stock options, warrants and convertible debentures</u>

The fair value of the Company's stock options, warrants and convertible debentures are derived from estimates based on available market data at that time, which include volatility, interest-free rates and share prices. Changes to subjective input assumptions can materially affect the fair value estimate.

<u>Accrued liabilities</u>

The Company must estimate the amount of accrued liabilities related to contractual arrangements or when invoices have not been received or when contracts to ensure all expenditures have been recognized. Changes to the estimate can materially affect the liquidity of the Company.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. Management judgments include, but are not limited to:

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its business development and working capital requirements.

(b) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments, loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to maturity investments

Held-to-maturity financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Available-for-sale financial assets

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: as FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes in financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for assets or liabilities that are not based on observable market data

(c) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The asset's recoverable amount is higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model will be used.

(d) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date.

As at the reporting date, the assets and liabilities of foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the reporting date and its revenues and expenses are translated at the exchange rate at the date of the transactions. The exchange difference that arises on the translation is taken to other comprehensive income (loss) and foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries are taken to the other comprehensive income (loss) and foreign currency translation reserve. Upon disposal of subsidiaries, the amount reflected in foreign currency translation reserve would be realized and reflected in the statement of loss and comprehensive loss as part of the gain or loss on disposal.

(e) Revenue recognition

Revenue is recognized when i) the Company has transferred the significant risks and rewards of ownership to its customers, which usually occurs on delivery, ii) all significant acts have been completed, iii) the Company retains no continuing managerial involvement in, or control of, the goods transferred, and iv) reasonable assurance exists regarding the measurement of consideration from sale of goods by the Company and the extent to which goods may be returned. When there is uncertainty as to ultimate collection, revenue is recognized only when cash is received.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less amortization and impairment losses. Cost is amortized over the estimated useful lives on a straight-line basis using the following:

Furniture and equipment	5 years
Motor vehicles	5 years
Computer equipment	3 years
Leasehold improvement	5 years
Greenhouse	5 to 20 years

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate. The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired.

(g) Leases

The Company classifies leases as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. It classifies all other leases as operating leases.

(h) Convertible debentures

Convertible debentures are segregated into debt and equity components at the date of issue. The debt component of the debentures is classified as a liability and recorded as the present value of the Company's obligation to make future interest payments and settle the redemption value of the instrument. The carrying value of the debt component is accreted to the original face value of the instrument over the term of the convertible debenture using the effective interest method. The value of the conversion option makes up the equity component of the instrument. The conversion option is recorded using the residual value approach.

(i) Borrowings

Interest-bearing borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of loss and comprehensive loss in the period of the borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are expensed in the period they are incurred.

(j) Provisions

Provisions for legal claims, where applicable, are recognized in accrued liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(k) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated between common shares and share purchase warrants on a residual value basis where the fair value of the common shares is the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants.

(l) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve.

The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related fair value in share-based payments reserve is transferred to share capital.

(m) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Loss per share

Basic loss per share is calculated by dividing the net loss applicable to common shareholders by the weighted average number of shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potential dilutive instruments were converted. All outstanding options and warrants are anti-dilutive and therefore have no effect on the determination of loss per share.

(o) Accounting standards issued but not yet effective

The accounting standards and interpretations that are issued but not yet effective listed below are those that the Company reasonably expect will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective, and is currently assessing the impact, if any, on the financial statements.

IFRS 9 *Financial Instruments (2014)*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an ”expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company’s annual period beginning January 1, 2018.

***Accounting for Acquisitions of Interests in Joint Operations* (Amendments to IFRS 11)**

Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Applicable to the Company's annual period beginning January 1, 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning January 1, 2017.

6. DISPOSAL OF SUBSIDIARY

During the year ended December 31, 2013, the Company disposed of 100% of the shares of its wholly-owned subsidiary, Inner Mongolia Forestry, to a third party. Under the sale agreement, the consideration for the sale was $719,899 (RMB¥4,000,000) paid firstly through the settlement of all of the liabilities in the subsidiary of $143,953 (RMB¥828,128), with the remainder paid in cash to the Company $575,946 (RMB¥3,171,872). On November 29, 2013, the Company deconsolidated all assets, liabilities and transferred accumulated other comprehensive income related to Inner Mongolia Forestry, resulting in a loss on disposal of subsidiary of $84,657.

Revenue, cost of sales and operating expenses of Inner Mongolia Forestry to the date of the sale is included in the Company's results for the year ended December 31, 2013. During the year ended December 31, 2013, biological assets in Inner Mongolia Forestry were written down by $32,959 to their estimated fair value.

(Expressed in Canadian dollars, unless otherwise stated)

The decision by management to dispose of the subsidiary was due to the decline in seedlings sales and the lack of improvement in infrastructure development in the geographic area since the Company's acquisition of the subsidiary.

7. RECEIVABLES AND DEPOSITS

Receivables and deposits consist of the following:

		2014		2013
GST recoverable	$	**4,076**	$	3,027
Deposits		**50,000**		-
	$	**54,076**	$	3,027

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at December 31, 2012	$ 40,260	$ 18,383	$ 12,638	$ 4,185	$ 1,903,027	$ 1,978,493
Disposal	(38,118)	(20,018)	-	-	(2,000,217)	(2,058,353)
Foreign translation impact	3,112	1,635	-	-	97,190	101,937
As at December 31, 2013	5,254	-	12,638	4,185	-	22,077
As at December 31, 2014	**$ 5,254**	**$ -**	**$ 12,638**	**$ 4,185**	**$ -**	**$ 22,077**

Accumulated depreciation	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at December 31, 2012	$ 27,623	$ 15,649	$ 11,776	$ 1,743	$ 1,433,405	$ 1,490,196
Depreciation and amortization	2,705	3,170	323	906	83,920	91,024
Disposal	(28,895)	(20,343)	-	-	(1,566,678)	(1,615,916)
Foreign translation impact	2,896	1,524	-	-	49,353	53,773
As at December 31, 2013	4,329	-	12,099	2,649	-	19,077
Amortization	402	-	323	905	-	1,630
As at December 31, 2014	**$ 4,731**	**$ -**	**$ 12,422**	**$ 3,554**	**$ -**	**$ 20,707**

Net book value	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at December 31, 2013	$ 925	$ -	$ 539	$ 1,536	$ -	$ 3,000
As at December 31, 2014	**$ 523**	**$ -**	**$ 216**	**$ 631**	**$ -**	**$ 1,370**

During the year ended December 31, 2013, the Company disposed of its interest in its subsidiary, Inner Mongolia Forestry, and accordingly all property, plant and equipment related to the greenhouse operations have been derecognized (note 6).

(Expressed in Canadian dollars, unless otherwise stated)

9. SHORT-TERM LOANS

The Company was advanced funds from officers and directors of the Company or individuals related to the Company through these officers and directors for working capital expenditures of the Company. These loans were repaid in full during the year ended December 31, 2014, and the outstanding balance of short-term loan is $nil (2013 - $965).

		2014		2013
Opening balance, as at January 1	**$**	**965**	$	104,339
Advance		**-**		141,136
Interest accrual		**-**		6,386
Repayment		**(965)**		(250,896)
Ending balance, December 31	**$**	**-**	$	965

10. CONVERTIBLE DEBENTURES

In July 2010, the Company raised $102,500 by issuing convertible debentures bearing interest of 15% per annum and maturing July 30, 2012. The debentures are convertible into common shares of the Company using a conversion price of $0.175 until maturity. In July 2012, the Company reached agreements with the debenture holders to extend the maturity date of the convertible debentures to July 30, 2013 and amended the conversion price to $0.10 until maturity.

In March 2013, the Company issued $50,000 of convertible debentures to a director bearing interest of 10% per annum and maturing September 30, 2013. The debentures are convertible into common shares of the Company using a conversion price of $0.10 until maturity. Due to the short-term nature of the instrument, the carrying value approximated the fair value of the loan at issuance and there was $nil value allocated to the equity component upon recognition.

During the year ended December 31, 2013, the Company recorded interest expense of $30,846. As at December 31, 2013, the convertible debentures were in default and recorded as current liabilities.

In February 2014, the Company reached agreements with all convertible debenture holders to repay all convertible debentures for cash of $163,500 resulting in the recognition of a net gain on settlement of debentures of $47,212 on the statement of comprehensive loss. As at December 31, 2014, the carrying value and fair value of the convertible debentures were $nil (2013 - $210,712).

(Expressed in Canadian dollars, unless otherwise stated)

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Private placements

During the year ended December 31, 2014, the Company completed a non-brokered private placement of 3,650,000 units for total gross proceeds of $365,000. Each unit consists of one common share and one common share purchase warrant, which is exercisable at a price of $0.15 for a period of two years. A finder's fee of $15,750 was paid related to this private placement. The Company allocated $328,500 to common shares and residual value of $36,500 to the warrants reserve.

During the year ended December 31, 2013, the Company completed a non-brokered private placement of 2,300,000 units for total gross proceeds of $57,500. Each unit consists of one common share and one common share purchase warrant, exercisable at $0.05 for the first year and $0.10 for the next four years. A finder's fee in the amount of $1,925 was paid. No amount was allocated to warrant reserve.

(c) Stock options

The following is a summary of option transactions:

	Numbr of options		Weighted average exercise price per share
Balance, December 31, 2012	3,335,000	$	0.13
Options expired	(2,785,000)	$	0.13
Balance, December 31, 2013	550,000	$	0.125
Options expired	(550,000)	$	0.125
Balance, December 31, 2014	**-**		**-**

(Expressed in Canadian dollars, unless otherwise stated)

(d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2014	**Issued**	**Exercised/expired**	**Number of warrants outstanding as at December 31, 2014**	**Exercise price per warrant**		**Expiry date**
2,600,000	**-**	**-**	**2,600,000**	**$ 0.100**		**February 24, 2017**
2,300,000	**-**	**-**	**2,300,000**	**$ 0.100**	note 11 (b)	**April 8, 2018**
-	**3,650,000**	**-**	**3,650,000**	**$ 0.150**		**September 2, 2016**
4,900,000	**3,650,000**	**-**	**8,550,000**			

Number of warrants outstanding as at January 1, 2013	Issued	Exercised/expired	Number of warrants outstanding as at December 31, 2013	Exercise price per warrant		Expiry date
7,645,588	-	(7,645,588)	-	$ 0.125		February 14, 2013
684,458	-	(684,458)	-	$ 0.085		February 14, 2013
2,600,000	-	-	2,600,000	$ 0.100		February 24, 2017
-	2,300,000	-	2,300,000	$ 0.050	note 11 (b)	April 8, 2018
10,930,046	2,300,000	(8,330,046)	4,900,000			

12. RELATED PARTY TRANSACTIONS

Related party transactions included short-term loans from directors and officers, which are disclosed in note 9, and the compensation to key management disclosed below.

The Company has identified its directors and officers as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is as follows:

	2014	2013
Management fee, consulting fee, and salaries	**$ 126,000**	$ 126,600
Total	**$ 126,000**	$ 126,600

As at December 31, 2014, a total of $70,522 (2013 - $140,357) payable to key management remained outstanding and is included in accounts payable and accrued liabilities on the statements of financial position. Amounts are non-interest-bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management. The Company's employment agreement with one officer would entitle that officer to compensation of $90,000 upon termination.

13. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders, and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its projects. The Company has no externally imposed capital requirements on the Company.

The capital of the Company consists of short-term loans, convertible debentures and the items included in equity (deficit). The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the year ended December 31, 2014.

(Expressed in Canadian dollars, unless otherwise stated)

14. FAIR VALUE MEASUREMENTS

The following table provides the quantitative disclosures of the fair value measurement hierarchy of the Company's assets and liabilities.

	December 31, 2014		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities measured at fair value			
Cash	**$ 28,404**	**$ -**	**$ -**
Accounts payable and accrued liabilities	**$ -**	**$ -**	**$ (350,193)**
Deposits	**$ -**	**$ -**	**$ (11,146)**

	December 31, 2013		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
Assets and liabilities measured at fair value			
Cash	$ 363,618	$ -	$ -
Accounts payable and accrued liabilities	$ -	$ -	$ (411,761)
Deposits	$ -	$ -	$ (11,146)
Assets and liabilities for which fair value are disclosed			
Short-term loans	$ -	$ -	$ (965)
Convertible debentures	$ -	$ -	$ (210,712)

There were no assets categorized as Level 2 and Level 3 in their fair value hierarchy, no liabilities categorized as Level 1 and Level 2, and no transfer between fair value levels during the reporting period.

15. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; and accounts payable and accrued liabilities, short-term loans, convertible debentures and deposits are classified as other financial liabilities, which are measured at amortized cost.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair value of accounts payable and accrued liabilities, short-term loans and deposits approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with major financial institutions. The Company's concentration of credit risk for cash and maximum exposure thereto is $28,404 (2013 - $363,618).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2014, the Company has $28,404 (2013 - $363,618) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $350,193 (2013 - $411,761) are due within three months, and deposits of $11,146 (2013 - $11,146) are due on demand.

(c) Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable rates. Due to the short-term nature of this financial instrument, fluctuations in market rates of interest do not have a significant impact on the estimated fair value or future cash flows.

(ii) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in CAD. The

Company does not manage currency risk through hedging or other currency management tools. The Company's exposure to currency risk is limited to the cash held in US dollars ("USD").

As at December 31, 2014, the Company's exposure to currency risk is limited to the cash held in USD of USD $6,236, but with other variables unchanged, the impact on the statement of loss and comprehensive loss arising from a 15% fluctuation of USD against CAD would be insignificant.

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

16. SEGMENT INFORMATION

The Company has one reportable segment, being eco-agriculture. All assets are located in Canada.

17. DEFERRED INCOME TAX

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

		2014		2013
Loss for the year	$	**(361,800)**	$	(582,494)
Canadian statutory tax rate		**25.00%**		25.75%
Income tax benefit computed at statutory rates		**(90,450)**		(149,992)
Items non-deductible for income tax purposes		**581**		67,588
Change in timing differences		**(307,978)**		(19,805)
Effect of change in tax rates		**71,749**		(69,017)
Unused tax losses and tax offsets not recognized in tax asset		**326,098**		171,226
Income tax benefit	**$**	**-**	$	-

The Company's statutory rate includes a combined Canadian federate corporate tax rate of 15% and the applicable provincial corporate tax rate of 10%.

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate taxable income to be able to recognize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

(Expressed in Canadian dollars, unless otherwise stated)

		2014		2013
Non-capital losses	$	**8,735,125**	$	6,570,712
Share issue costs		**26,191**		33,037
Resource properties		**-**		567,811
Tax value over book value of property, plant and equipment		**4,952**		3,322
Unrecognized deductible temporary differences	$	**8,766,268**	$	7,174,882

The Company's unrecognized unused non-capital losses have the following expiry dates:

		Canada
2025	$	58,000
2026		343,000
2027		364,000
2028		1,649,000
2029		992,000
2030		732,000
2031		775,000
2032		1,679,000
2033		1,692,000
2034		451,000
	$	**8,735,000**

18. COMMITMENTS

The Company has renewed a lease with respect to its head office until October 31, 2017. The Company is required to pay basic monthly rent plus allocated operating charge and property tax. The basic monthly rent is as follows:

- $2,750 from November 1, 2014 to October 31, 2015
- $2,831 from November 1 2015 to October 31, 2016
- $2,912 from November 1, 2016 to October 31, 2017.

The current operating charge and the property tax related to this leased office are approximately $587 and $595, respectively, and the Company recorded rent expenses of $44,604 (2013 - $62,683).

The Company has sub-leased some office space to offset the costs of the lease. In 2014, a total of $34,208 (2013 - $25,762) sub-lease revenue was recorded as other income. The deposits of $11,146 (2013 - $11,146) collected from the sub-lease tenants are due on termination of the sub-lease agreement.

19. CONTINGENCY

The Company is in dispute with a third party (the “plaintiff”) with respect to unpaid professional fees. The plaintiff has filed a civil claim and is seeking payment of approximately $34,000. Management of the Company has filed a counterclaim and has accrued the contingent amount in accounts payable and accrued liabilities.

20. EVENTS AFTER THE REPORTING PERIOD

(a) The Company incorporated a wholly-owned subsidiary, Golden State Green World LLC, in the state of California, United States, for the purpose of carrying out the terms of an agreement signed January 14, 2015 with a California medical marijuana collective. Under the agreement, the Company will need to obtain financing of USD $500,000 in order to begin construction of greenhouses.

(b) The Company announced a non-brokered 10,000,000 unit offering at $0.05 per unit for $500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.075 for two years from the date of issue; 4,000,000 units have been subscribed for and issued up to the date the financial statements were approved and authorized for issue.