(FORMERLY MATICA GRAPHITE INC.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MATICA ENTERPRISES INC. (FORMERLY "MATICA GRAPHITE INC.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	September 30, 2015	December 31, 2014
			(Audited)
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**19,368**	119,594
GST/HST recoverable		**55,790**	40,924
Due from related party	7	**5,109**	-
Prepaids		**95,168**	30,295
		175,435	190,813
DEPOSIT	10(b)	**7,001**	24,196
INVESTMENT IN ASSOCIATES	4(a)	**-**	464,047
EXPLORATION AND EVALUATION ASSETS	5	**353,506**	540,315
		535,942	1,219,371
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**322,937**	272,627
Due to related parties	7	**39,757**	29,720
Flow-through renounciation obligations		**135,046**	135,046
		497,740	437,393
SHAREHOLDERS' EQUITY			
Share capital	6	**6,160,497**	4,611,662
Subscriptions received	6	**-**	17,400
Reserves		**661,978**	406,848
Deficit		**(6,784,273)**	(4,253,932)
		38,202	781,978
		535,942	1,219,371

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS (Notes 4, 5 and 10)
SUBSEQUENT EVENTS (Note 12)

APPROVED ON November 30, 2015 ON BEHALF OF THE BOARD:

/s/ "George A. Brown"
George A. Brown, Director

/s/ "Boris Ziger"
Boris Ziger, Director

MATICA ENTERPRISES INC. (FORMERLY "MATICA GRAPHITE INC.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2015**	2014	**2015**	2014
		$	$	**$**	$
GENERAL AND ADMINISTRATIVE EXPENSES					
Consulting		**11,500**	82,421	**42,098**	97,421
Management and director's fees	7	**37,500**	72,047	**115,500**	153,047
Marketing and Promotion	6(d)	**184,730**	379,621	**966,148**	432,858
Meal & Entertainment		**1,695**	17,696	**5,423**	22,022
Office and miscellaneous		**5,561**	2,491	**20,218**	4,310
Professional fees		**52,143**	49,214	**235,970**	90,422
Rent		**18,705**	9,360	**41,999**	26,060
Share-based compensation	6(d),7	**-**	59,542	**112,715**	59,542
Transfer agent and filing fees		**5,856**	21,689	**37,136**	36,118
Travel and promotion		**5,798**	8,899	**19,213**	8,899
		323,488	702,980	**1,596,419**	930,699
OTHER INCOME (EXPENSES)					
Impairment of exploration and evaluation assets		**-**	-	**-**	-
Impairment of investments	4(a)	**(187,621)**	-	**(875,298)**	-
Equity in associate's losses	4(a)	**-**	-	**(58,624)**	-
NET LOSS AND COMPREHENSIVE LOSS		**(511,109)**	(702,980)	**(2,530,341)**	(930,699)
LOSS PER SHARE - BASIC AND DILUTED		**(0.01)**	(0.03)	**(0.03)**	(0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		**84,964,274**	23,015,587	**79,602,049**	23,015,587

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

MATICA ENTERPRISES INC. (FORMERLY "MATICA GRAPHITE INC.")

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Common shares Shares	Common shares Amount	Share Subscriptions Received	Reserves	Deficit	Shareholders' Equity (Deficiency)
			$	$	$	$	$
Balance, December 31, 2014		65,981,999	4,611,662	17,400	406,848	(4,253,932)	781,978
Subscriptions received		-	-	(17,400)	-	-	(17,400)
Warrants exercised	6(b)	1,980,000	138,600	-	-	-	138,600
Options exercised	6(b)	2,625,000	368,170		(161,170)	-	207,000
Shares issued for long term investment	6(b)	400,000	(64,000)	-	-	-	(64,000)
Shares issued for cash, net	6(b)	7,802,275	636,065	-	-	-	636,065
Shares issued for settlement of debts	6(b)	6,175,000	470,000	-	-	-	470,000
Share based compensation	6(d)			-	416,300	-	416,300
Comprehensive loss		-	-	-	-	(2,530,341)	(2,530,341)
Balance, September 30, 2015		84,964,274	6,160,497	-	661,978	(6,784,273)	38,202
Balance, December 31, 2013		33,448,118	2,089,574	(24,000)	144,798	(2,419,336)	(208,964)
Shares issued for cash, net	5(b)	11,389,000	627,500	24,000	-	-	651,500
Shares issued for properties	5(b)	1,300,000	42,000	-	-	-	42,000
Subscriptions received	11	-	-	78,236	-	-	78,236
Option exercised	5(b)	250,000	25,000				25,000
Warrants exercised	5(b)	10,000	700	-	-	-	700
Share based compensation		-	-	-	310,285	-	310,285
Comprehensive loss		-	-	-	-	(906,155)	(906,155)
Balance, September 30, 2014		46,397,118	2,784,774	78,236	455,083	(3,325,491)	(7,398)

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

MATICA ENTERPRISES INC. (FORMERLY "MATICA GRAPHITE INC.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Note	Nine Months Ended September 30 2015	September 30 2014
		$	$
OPERATING ACTIVITIES			
Net loss		**(2,530,341)**	(906,155)
Items not involving cash			
Impairment of investments	4(a)	**875,298**	-
Equity in associate's losses	4(a)	**58,624**	-
Share-based compensation	6(d)	**416,300**	310,285
		(1,180,119)	(595,870)
Changes in non-cash working capital items:			
GST/HST recoverable		**(14,866)**	(13,174)
Due from related party		**(5,109)**	16,370
Prepaid expenses and deposits		**(47,678)**	(69,737)
Accounts payable and accrued liabilities		**420,310**	(65,552)
Cash Used in Operating Activities		**(827,462)**	(727,963)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets		**186,809**	(43,149)
Investment in associates	4	**(469,875)**	-
Cash Used in Investing Activities		**(283,066)**	(43,149)
FINANCING ACTIVITIES			
Common shares issued, net of share issue costs		**554,665**	797,436
Exercise of options		**207,000**	-
Exercise of warrants		**138,600**	-
Shares issued for related parties' settlement		**110,037**	-
Cash Provided by Financing Activities		**1,010,302**	797,436
INCREASE (DECREASE) IN CASH		**(100,226)**	26,324
CASH AND CASH EQUIVALENTS, BEGINNING		**119,594**	157
CASH AND CASH EQUIVALENTS, ENDING		**19,368**	26,481
NON-CASH TRANSACTIONS:			
Shares issued for exploration and evaluation assets		**-**	30,000
Shares issued for related party debt settlement	6	**1,250,000**	-
Shares issued for vendors debts settlement	6	**4,925,000**	-
Shares issued for finders fees	4	**3,100,000**	-
Agent warrants issued	6	**168,000**	-
SUPPLEMENTAL INFORMATION:			
Interest paid		**-**	-
Income taxes paid		**-**	-

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

1. NATURE OF BUSINESS AND GOING CONCERN

Matica Enterprises Inc. ("Matica" or the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) in November 2007 under the name of Cadman Resources Inc. The Company was listed in July 2008 as a Capital Pool Company as defined in the policies of the TSX Venture Exchange (the "Exchange"). In December 2010, the Company's listing was transferred to the NEX board due to the failure to complete a Qualifying Transaction within the Exchange's prescribed time frame. In July 2012, the Company delisted trading of its shares from the NEX board and began trading on the Canadian Stock Exchange ("CSE").

In April 2014, the Company changed its name to Matica Graphite Inc. and began trading under the symbol "GRF". In July 2014, the Company changed its name to Matica Enterprises Inc. and the Company's shares were accepted for trading on the Frankfurt Stock Exchange. On May 12, 2014, the Ontario Securities Commission ("OSC") issued a Temporary Management Cease Trade Order for failure to timely file its December 31, 2013 annual filings. The Temporary order expired on May 23, 2014 and was replaced by a Permanent Management Cease Trade Order which lapsed or expired on June 4, 2014.

On May 4, 2015, the Ontario Securities Commission issued a Temporary Management Cease Trading Order for failure to timely file the Company's December 31, 2014 annual filings. This order expired and was replaced by a Permanent Management Cease Trade Order on May 15, 2015 which lapsed or expired on June 8, 2015.

The head office, principal address and records office of the Company is 1102 - 44 Victoria Street, Toronto, ON M5C 1Y2, Canada.

During 2014, the Company initiated a change of business focus into the medical marijuana industry. As a result of this change of business focus, trading was halted by the CSE on August 26, 2014 and resumed under the new symbol "MMJ" on November 24, 2014.

In January 2015, the Company entered into an Arrangement Agreement (the "Arrangement") to transfer assets to its four subsidiaries and distribute the shares of the four subsidiaries to the Company's shareholders. The purpose of the Arrangement was to enable the Company to focus on the development of the medical marijuana business in THCD (Note 4), and to divest its other assets to its subsidiaries. Immediately after the completion of the Arrangement, each shareholder of the Company at the share distribution record date would have held one-third of a Subco4 share, one-fifteenth of a Subco1 share, one-seventy fifth of a Subco2 share and one-fifteenth of a Subco3 share. The Arrangement had been approved by the shareholders of the Company on March 10, 2015 and by the Supreme Court of British Columbia on March 23, 2015. Each of these subsidiaries would have been considered a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

According to the Arrangement, the Company would have transferred the following assets to the four subsidiaries as follows:

- Subco1 - $20,000 in cash and the letter of intent with THCO ;
- Subco2 - $20,000 in cash and the letter of intent with Ludwig ;
- Subco3 - $20,000 in cash and the Chlorine Dioxide Tablets Marketing and Distribution Project (Note 4(b));
- Subco4 - $20,000 in cash and all the mining assets comprised of the Grumpy Lizard and Buckingham North exploration and evaluation assets described in Note 5.

The Arrangement was terminated on August 7, 2015.

1. NATURE OF BUSINESS AND GOING CONCERN (continued)

The Company had a net loss of $2,530,341 for the nine month period ended September 30, 2015 (2014 - $906,155) and has an accumulated deficit of $6,784,273 (2014 - $4,253,932) which has been funded primarily by the issuance of equity. The Company does not generate cash flows from operations and accordingly the Company will need to raise additional funds through future issuances of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The Company's ability to continue as a going concern is uncertain and is dependent upon developing exploration and evaluation assets, the ability to obtain an operating license for the medical marijuana business, obtaining additional financing, or maintaining the continued support of its shareholders and creditors. The outcome of these matters cannot be predicted at this time and in the event that they do not occur, the carrying value of the Company's assets may be adversely affected. These factors may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These condensed consolidated interim financial statements do not give effect to significant adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). ") These condensed consolidated interim financial statements prepared in conjunction of with the Company's annual audited financial statements for the year ended December 31, 2014, which has been presented in accordance with IFRS. As such, these condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim financial Reporting*".

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on November 30, 2015.

(b) Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. Certain comparative figures may have been reclassified to conform to the current year's presentation.

2. BASIS OF PRESENTATION (continued)

(c) Consolidation

These condensed consolidated interim financial statements for the period ended September 30, 2015 include the accounts of Matica and its 100% owned subsidiaries, 1022607 B.C. Ltd. ("Subco1"), 1022608 B.C. Ltd. ("Subco2"), 1024250 B.C. Ltd. (Subco3), and Ravenline Exploration Ltd. (Subco4). Subco1, Subco2, and Subco3 were incorporated under the Business Corporations Act (British Columbia) and Subco4 was incorporated under the Business Corporations Act (Ontario); all for the purpose of the now terminated Arrangement Agreement. There were no significant transactions incurred by the subsidiaries for the period ended September 30, 2015.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

On August 7, 2015, the Company terminated the Arrangement Agreement (the "Arrangement") under which assets were to be transferred to its four subsidiaries and shares of the subsidiaries would have been distributed to the Company's shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

<u>Exploration and Evaluation Expenditures</u>
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

<u>Impairment</u>
The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing impairment, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant accounting judgments, estimates and assumptions (continued)

assumptions or estimates used in determining the fair value of non-financial assets could impact the impairment analysis.

Title to Mineral Properties
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Decommissioning Liabilities
The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of a mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Share-Based Payments
Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

Contingency
The Company estimates the amount of contingency due to the incompliance of the expenditure obligation on the flow-through shares issued in 2012. Consequently, the Company is subject to the interest and penalties from Canada Revenue Agency. In addition, the Company estimates the costs of indemnification from these flow-through share subscribers for taxes and penalties that may arise from their personal tax returns.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year.

Deferred Income Taxes
Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax assets are to be recognised in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant accounting judgments, estimates and assumptions (continued)

Going Concern
The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

Investment in Associates
The determination whether the Company has significant influence and not control or power over associated companies requires management judgment (see Note 4).

(b) Adoption of new pronouncements

The Company adopted the following accounting policies effective January 1, 2015:

IAS 1 *Presentation of Financial Statements* - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 *Property, Plant and Equipment* and IAS 36 *Intangible Assets* - In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of the above new standards and the amendments to other standards did not have a significant impact on the Company's consolidated financial statements.

(c) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New standards and interpretations not yet adopted (continued)

IFRS 9 *Financial Instruments*- IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. INVESTMENT IN ASSOCIATES

a) THC Dispensaries Canada, Inc. (“THCD”)

In October 2014, the Company entered into an Investment Agreement (the “THCD Agreement”) with THCD and the then sole shareholder of THCD (the “Vendor”) to acquire a 50% ownership interest in THCD. THCD is a private company incorporated under the laws of Nova Scotia. THCD’s intended business is to provide dried marijuana, seeds, and organic soil to dispensaries throughout North America and Europe. THCD is in the process of applying to become a licensed producer under the Marijuana for Medical Purposes Regulation (“MMPR”) program.

To obtain an initial 50% ownership interest, the Company had agreed to pay $325,000 (paid) and issue 1,000,000 common shares of the Company to THCD (issued at a value of $130,000). The Company has also issued 325,000 common shares at a value of $32,500 as a finders’ fee. To maintain the 50% ownership interest, the Company would also be required to pay an additional $1,175,000 ($240,000 of which has been advanced) and issue an additional 4,000,000 common shares upon THCD becoming a licensed producer. The initial 50% ownership interest is subject to a termination clause if the license is not received by October 31, 2015.

4. INVESTMENT IN ASSOCIATES (continued)

a) THC Dispensaries Canada, Inc. ("THCD") (continued)

	Amount	Share Issuance
		#
Due on closing of the October 7, 2014 Investment Agreement (paid and issued)	$325,000	1,000,000
Due on issue of a producer licence by Health Canada	$1,175,000	4,000,000
Total	$1,500,000	5,000,000

Pursuant to the THCD Investment Agreement, THCD's Board was to be comprised of five directors, two appointed by the Company and three by the Vendor. Based on the Board's composition, it was determined that the Company has significant influence but not control of THCD. As a result, the Company accounts for the investment in THCD using the equity method.

The investment in THCD consists of the followings:

	September 30, 2015	December 31, 2014
	$	$
Fair value of 1,000,000 common shares issued	130,000	130,000
Cash paid	565,000	325,000
Shares issued for finders fee	56,500	32,500
Professional fees	34,504	16,250
Initial investment at cost	786,004	503,750
Share of losses from THCD's operations	(98,327)	(39,703)
Impairment of investments	(687,677)	-
	-	464,047

The assets and liabilities of THCD as at September 30, 2015 and December 31, 2014 and the loss for the period from January 1, 2015 to September 30, 2015 and from September 12, 2014 to December 31, 2014 are summarized as follows:

	September 30, 2015	December 31, 2014
	$	$
Current assets	174,141	158,167
Construction in progress	440,960	285,808
License application costs	558,140	558,140
Non-current assets	999,100	843,948
TOTAL ASSETS	1,173,241	1,002,115
Current liabilities	449,426	161,051
Non-current liabilities - Deferred income tax liabilities	59,220	59,220
TOTAL LIABILITIES	508,646	220,271
Net loss and comprehensive loss for the period	117,249	79,406

4. INVESTMENT IN ASSOCIATES (continued)

a) THC Dispensaries Canada, Inc. ("THCD") (continued)

The amounts being reported at September 30, 2015 are those as reported to the Company at June 30, 2015. The Company is not aware of any changes in the three months to September 30, 2015 and THCD have not provided any September 30, 2015 financial disclosures as required under the signed Investment Agreement.

THCD has a lease for its facility from a company controlled by the Vendor for five years from October 1, 2014 to September 30, 2019, which may be renewable for an additional five years. Annual rent of $74,400 is to be paid by THCD and will be increased by 7.5% annually starting October 1, 2016.

For the nine month period ending September 30, 2015, the Company has advanced $240,000 to THCD which was intended for the purchase of HVAC equipment required in preparation for a pre-licensing inspection by Health Canada. During the same period ending September 30, 2015, the Company also issued 300,000 common shares at a value of $24,000 as payment of finders' fees relating to the investment in THCD. Professional fees charged in 2015 to investment in THCD increased by $18,254.

These financials show a 100% impairment in the value of the Investment in THCD because it is known that a license has not been received by October 31, 2015. The Company has filed a Notice of Civil Claim against THCD and related entities in BC court in November 2015

b) Chlorine Dioxide Tablets Marketing and Distribution Project

In November 2014 the Company entered into an option Agreement with Bellerosa Distributing Ltd. ("Bellerosa") (the " Bellerosa Project") to acquire a 60% interest in a business to market and distribute chlorine dioxide tablets for use in the medical marijuana growing industry as a natural cleaning or sanitizing product without the use of pesticides or fungicides. The Company agreed to issue 4,000,000 common shares to Bellerosa for access to Bellerosa's research and investigation of the viability of the tablet and acquisition of the 60% interest in the project. The Company will have the right to market and distribute the chlorine dioxide tablets under the Bellerosa Project. The Company agreed to issue 400,000 common shares of the Company as a finder's fee relating to the Bellerosa Project. Bellerosa is a company incorporated under the laws of British Columbia and is a marketer and distributor of the chlorine dioxide tablets. Two of the directors of Bellerosa are brothers of the Company's former Chief Financial Officer ("CFO").

Pursuant to the Bellerosa Project, a five member management committee is to be established, three of which are to be appointed by the Company and two by Bellerosa. Based on the management committee's composition, management determines that the Company would have control of the project.

During the year ended December 31, 2014, the Company issued 4,000,000 common shares at a fair value of $360,000 and accrued $40,000 in finder's fees for the Bellerosa Project, totalling $400,000. A legal entity has yet to be incorporated and the operations have yet to commence. $400,000 was expensed as product research and investigation costs in 2014. In January 2015, the Company issued 400,000 common shares to four individuals as settlement of the $40,000 of finders' fees

Of the 4,000,000 common shares issued for the Bellerosa Project, 1,500,000 shares were issued to a director of Bellerosa who is a brother of the Company's former CFO. The Company and Bellerossa are not considered related parties as they have no directors in common.

4. INVESTMENT IN ASSOCIATES (continued)

c) ChroniCare Project

In June 2014, the Company signed a letter of intent ("LOI") with ChroniCare Canada Inc. ("ChroniCare") to establish a licensed marijuana growing operation. In July 2014, the Company signed an agreement with ChroniCare and paid $50,000 refundable advance to ChroniCare which would be applied to any future payments the Company would make to ChroniCare pursuant to the aforementioned LOI and any ensuing agreement thereof. In August 2014, the binding provisions of the LOI were terminated as the parties had not reached a definitive agreement. As at December 31, 2014, the Company wrote off the $50,000 deposit to net loss as the collection of the amount is uncertain.

5. EXPLORATION AND EVALUATION ASSETS

	Grumpy Lizard, Nevada	Buckingham North, Quebec	Galaxy Graphite, Quebec	Maniwaki West, Quebec	Total
Balance, December 31, 2013	-	137,191	-	80,000	217,191
Acquisition costs	352,693	50,000	12,000	-	414,693
Exploration costs					
Geological & engineering	-	430	-	-	430
Impairment	-	-	(12,000)	(80,000)	(92,000)
Balance, December 31, 2014	352,693	187,621	-	-	540,314
Acquisition costs	-	-	-	-	-
Exploration costs					-
Geological & engineering	11,177	-	-	-	11,177
Impairment	-	(187,621)	-	-	(187,621)
Balance, September 30, 2015	363,870	-	-	-	363,870

(a) Grumpy Lizard, Nevada

In January 2014, the Company entered into a Letter of Intent ("LOI") to acquire a 100 percent interest in the new graphite project in northwest Nevada, USA, known as the Grumpy Lizard property ("Grumpy Lizard"). The Company paid a deposit of $5,670 and incurred expenses of $15,736 related to this LOI. The LOI expired in April 2014. The deposit and expenses totalling $21,406 were expensed as a general exploration expense in 2014.

In September 2014, the Company entered into a property option and royalty agreement to acquire a 100 percent interest in the Grumpy Lizard with the same optionor. As consideration, the Company paid $57,291 and issued 3,400,000 common shares at a fair value of $272,000. For the period ending September 30, 2015, the Company also incurred $11,177 exploration costs relating to the property. All of these costs were capitalized to exploration and evaluation assets as described below pursuant to terms of the agreement.

5. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Grumpy Lizard, Nevada (continued)

	Amount	Share Issuance
		#
On signing of the formal agreement on or before September 16, 2014 (paid and issued)	$7,310	3,400,000
On signing of the formal agreement on or before September 16, 2014 (Paid)	$15,736	-
On or before October 16, 2014 (paid)	$34,245	-
Total	$57,291	3,400,000

The property is subject to a 2.5% royalty based on any and all materials sold from the Property.

(b) Buckingham North Property

In January 2014, the Company issued 1,000,000 common shares at a fair value of $50,000. The fair value of $0.05 per share was determined based on the quoted market price at the time the shares were issued.

As of September 30, 2015, all claims were expired. The $187,621 deferred acquisition costs incurred were written off as an impairment expense.

(c) Galaxy Graphite, Quebec

In May 2014, the Company entered into a Property Option and Royalty Agreement to acquire a 100 percent interest in the Galaxy Graphite project in Quebec. The Company issued 300,000 common shares at a fair value of $12,000 as consideration for the property. The fair value of these shares was based on the quoted market price at the time the shares were issued.

During the year ended December 31, 2014, management determined not to pursue any further exploration in the property. Accordingly, the $12,000 deferred acquisition costs incurred on this property were written off as an impairment expense in 2014.

(d) Maniwaki West Property, Quebec

In July 2013, the Company entered into an option agreement with JP & Associates Inc. to acquire a 100 percent interest in a rare earth project (the "Maniwaki West Project") located north of Ottawa/Gatineau near the town of Maniwaki in the Province of Quebec. The Maniwaki West Property comprises 24 permits totalling 14.23 km^2. To earn the 100 percent interest, the Company agreed to issue 2,000,000 common shares of the Company upon signing of the option agreement and to make a payment of $10,000 (not paid).

In August 2013, the Company issued 2,000,000 common shares at a fair value of $80,000. During 2014, management determined not to pursue any further exploration in the property. The $80,000 deferred acquisition costs incurred were written off as an impairment expense in 2014.

6. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and outstanding

Shares issuance for the year ended December 31, 2014:

In January 2014, pursuant to the Buckingham North property agreement, the Company issued 1,000,000 common shares at fair value of $50,000 (see Note 5(b)).

In May 2014, pursuant to the Galaxy Graphite property agreement, the Company issued 300,000 common shares at a fair value of $12,000 (see Note 5(c)).

In July 2014, the Company closed a private placement of 9,130,000 units at a price of $0.05 per unit for gross proceeds of $456,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen month. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 9,130,000 units, 2,730,000 units were issued for settlement of $110,500 owed to related parties and $26,000 owed to vendors, totalling $136,500. The Company also issued 609,000 common shares as finder's fees for a fair value of $30,450.

In July 2014, the Company issued 150,000 units at $0.14 per unit to settle an amount of $21,000 owed to a vendor. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen month. The $21,000 was all allocated to the common shares and no value was allocated to the warrants because the warrants had no intrinsic value at the time of issue.

In October 2014, pursuant to the Grumpy Lizard property agreement, the Company issued 3,400,000 common shares at fair value of $272,000 (see Note 5(a)).

In November 2014, the Company closed a private placement of 8,030,000 units at a price of $0.10 per unit for gross proceeds of $803,000. Each unit consisted of one common share and one-half of common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 per share for a period of eighteen month. The consideration received was all allocated to the common shares and no value was allocated to the warrants because the warrants had no intrinsic value at the time of issue. Of the 8,030,000 units, 2,530,000 units were issued for settlement of $100,000 owed to related parties and $153,000 owed to vendors, totalling $253,000. The Company incurred cash commission of $43,040 and issued 48,000 warrants at a fair value of $1,730 as finder's fees. These warrants have the same term and exercise price as the private placement warrants.

Also in November 2014, the Company issued 1,000,000 common shares at a fair value of $130,000 pursuant to the THCD investment agreement and 325,000 common shares were issued at a fair value of $32,500 as a finder's fee regarding the THCD transaction (see Note 4 (a)).

6. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

In November 2014, the Company also closed a private placement of 1,642,500 units at a price of $0.10 per unit for gross proceeds of $164,250. Each unit consisted of one common share and one-half of common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 per share for a period of eighteen month. The consideration received was all allocated to the common shares and no value was allocated to the warrants because the warrants had no intrinsic value at the time of issue. Of the 1,642,500 units, 230,000 units were issued for settlement of $23,000 owed to vendors. The Company incurred a cash commission of $8,800 and issued 64,000 warrants at a fair value of $4,923 as a finder's fee. These warrants have the same term and exercise price as the private placement warrants.

In December 2014, the Company issued 4,000,000 common shares at fair value of $360,000 pursuant to the Bellerosa Project (see Note 4 (b)).

During the year ended December 31, 2014, 2,397,381 common shares were issued on exercise of warrants for gross proceeds of $182,450.

During the year ended December 31, 2014, 550,000 common shares were issued on exercise of options for gross proceeds of $55,000.

<u>Share issuance for the period ended September 30, 2015:</u>

In January 2015, the Company issued 400,000 to four individuals as finder fees for the agreement with Bellerosa. The $40,000 fair value relating to these finders' fees was included in accounts payable at December 31, 2014.

In March 2015, the Company closed on 9,702,275 units in a first tranche of the brokered private placement offering of units of the Company at a price of $0.08 per Unit. For the units issued the Company received cash of $402,182, services provided by management valued at $100,000 and debt settlement in the amount of $274,000, of which $194,000 is for marketing and promotion services to be provided during the 2015 fiscal year.

The Company paid JSI, the agent on the private placement, a commission of $15,315 representing 3% to 8% of the funds raised in connection with the offering and issued 65,000 broker warrants equal to 8% of the units issued to subscribers introduced by JSI.

Also in March 2015, the Company closed on 3,975,000 units in the second tranche of the brokered private placement offering at a price of $0.08 per unit. For the units issued, the Company received cash of $142,000 and debt settlement in the amount of $176,000, of which $160,000 is for marketing and promotion services to be provided over the course of the 2015 fiscal year.

The Company paid JSI, the agent on the private placement, a commission of $9,410 representing 3% to 8% of the funds raised in connection with the offering and issued 103,000 broker warrants equal to 8% of the units issued to subscribers introduced by JSI.

For the period ending September 30, 2015, 1,980,000 common shares were issued on exercise of warrants for cash proceeds of $138,600.

6. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

For the period ending September 30, 2015, 2,625,000 common shares were issued on exercise of stock options for cash proceeds of $368,170.

For the period ending September 30, 2015, the Company issued 300,000 common shares to four individuals at a fair value of $24,000 as payment of finders' fees relating to the investment in THCD.

(c) Share purchase warrants

A summary of the changes in the Company's warrants as at September 30, 2015 and December 31, 2014 is presented below:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2013	5,819,314	0.08
Issued	14,228,250	0.10
Exercised	(2,397,381)	0.08
Expired/cancelled	(1,595,933)	0.08
Balance, December 31, 2014	16,054,250	0.10
Issued	13,845,275	0.15
Exercised	(1,980,000)	0.07
Balance, September 30,2015	27,919,525	0.12

The following table summarizes the share purchase warrants outstanding and exercisable as at September 30, 2015:

Exercise price	Expiry date	Number of warrants
$0.07	01/08/16	7,270,000
$0.07	01/29/16	150,000
$0.15	05/07/16	4,047,000
$0.15	05/21/16	901,250
$0.07	06/10/16	1,166,000
$0.11	06/10/16	540,000
$0.15	03/08/18	9,767,275
$0.15	03/25/18	4,078,000
		27,919,525

As at September 30, 2015, 27,919,525 warrants (2014 - 16,054,250 warrants) with a weighted average remaining contractual life of 1.44 years (2014 - 1.18 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each whole warrant held.

The followings assumptions were used for the Black-Scholes option pricing model calculation for calculating the issue date values for the finders' fee warrants issued in 2015 and 2014:

6. SHARE CAPITAL (continued)

(c) Share purchase warrants (continued)

Issue date	March 26, 2015	March 9, 2015	November 21, 2014	November 7, 2014
Share price	$0.10	$0.14	$0.14	$0.085
Risk free interest rate	4.00%	3.70%	0.99%	0.98%
Expected life	3 years	3 years	1.5 years	1.5 years
Expected volatility	100%	100%	126%	123%
Expected dividend yield	0%	0%	0%	0%
Forfeited rate	0%	0%	0%	0%
Fair value	$0.06	$0.09	$0.08	$0.04

(d) Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the market price at the time of granting, or as permitted by the policies of the Exchange. Options granted are non-transferable and may not exceed a term of five years from the grant date. Vesting is as determined by the directors at the time of grant.

A summary of the changes in the Company's stock options as of September 30, 2015 and December 31, 2014:

	Number of Options	Weighted Average Exercised Price $
Balance, December 31, 2013	1,050,000	0.10
Options granted	3,950,000	0.10
Option exercised	(550,000)	0.10
Balance, December 31, 2014	4,450,000	0.10
Options granted	6,700,000	0.09
Options cancelled	(375,000)	0.10
Option exercised	(2,625,000)	0.10
Balance, September 30, 2015	8,150,000	0.08

<u>Options issuance for the year ended December 31, 2014:</u>

In June 2014, the Company granted 825,000 stock options to directors and officers and 1,525,000 stock options to consultants, all exercisable at $0.10 for five years expiring in June 2019. The fair value of these options was $178,944, of which $83,761 was charged as marketing expenses, $32,362 as consulting expenses, $22,844 as director's fees and $39,977 as share-based compensation.

In July 2014, the Company granted 200,000 options to directors and officers and 750,000 stock options to consultants, all exercisable at $0.10 for five years expiring in July 2019. The fair value of these options was $68,105, of which $39,429 was charged as marketing expenses, $14,338 as consulting expenses, $7,169 as accounting fees and $7,169 as share-based compensation.

6. SHARE CAPITAL (continued)

(d) Stock options (continued)

In October 2014, the Company granted 650,000 options to consultants exercisable at $0.10 for five years expiring in October 2019. The fair value of these options was $50,230 which was charged as marketing expenses.

Options issuance for the period ended September 30, 2015:

In February 2015, the Company granted 2,200,000 stock options to directors, officers and consultants. These vested upon grant and are exercisable at $0.105 for five years expiring in February 2020. Of these, 1,200,000 were issued to marketing consultants and $90,466 has been charged as a marketing and promotion expense. The remaining 1,000,000 were issued to company directors and officers with $75,389 charged as a stock based compensation expense.

Also in February 2015, the Company granted 125,000 stock options to a director and 375,000 to a consultant. These vested upon grant and are exercisable at a price of $0.125 per share for a period of five years expiring in February 2020 and $33,979 has been charged as a marketing and promotion expense and $11,326 has been charged as a share based compensation expense. In April 2015, one of the directors resigned resulting in 200,000 of these stock options being cancelled.

In April 2015, 850,000 common shares were issued on exercise of stock options for cash proceeds of $65,500.

In May 2015, the Company granted 1,500,000 stock options to consultants. The options vested upon grant and are exercisable at a price of $0.07 per share for a period of five years expiring in May 2020 and $78,001 has been charged as a marketing and promotion expense.

In June 2015, the Company granted 700,000 stock options to consultants and directors. The options vested upon grant and are exercisable at a price of $0.07 per share for a period of five years expiring in June 2020 resulting in a $26,000 charge to stock based compensation and a $10,400 charge to marketing and promotion expenses.

Also in June 2015, the Company granted 1,000,000 stock options to consultants. The options vested upon grant and are exercisable at a price of $0.055 per share for a period of five years expiring in June 2020 resulting in a $54,118 charge to marketing and promotion expenses.

In June 2015, 1,600,000 common shares were issued on exercise of stock options for cash proceeds of $104,500.

In July 2015, the Company granted 500,000 stock options vesting upon grant to a consultant exercisable at $0.05 per share for a period of five years expiring in July 2020.

In August 2015, the Company granted 300,000 stock options vesting upon grant to a consultant exercisable at $0.05 per share for a period of five years expiring in August 2020.

In the nine month period ended September 30, 2015, 375,000 stock options were cancelled due to resignations and terminations of consulting agreements.

For purposes of the calculation, the following weighted average assumptions were used under the Black-Scholes model:

6. SHARE CAPITAL (continued)

(d) Stock options (continued)

	August 17, 2015	July 13, 2015	June 15, 2015	June 12, 2015	May 5, 2015
Share price	0.05	0.05	$0.055	$0.070	$0.070
Risk free interest rate			0.98%	0.98%	0.98%
Expected dividend yield	0%	0%	0%	0%	0%
Expected stock price volatility	100%	100%	100%	100%	100%
Expected life of options	5 years	5 years	5 years	5 years	5 years

	February 27, 2015	February 18, 2015	October 31, 2014	July 14, 2014	June 17, 2014
Share price	$0.125	$0.105	$0.100	$0.090	$0.100
Risk free interest rate	3.74%	3.71%	1.54%	1.57%	1.63%
Expected dividend yield	0%	0%	0%	0%	0%
Expected stock price volatility	100%	100%	193%	192%	191%
Expected life of options	5 years	5 years	5 years	5 years	5 years

The weighted average grant date fair value of stock options granted in 2015 was $0.086 (2014 - $0.08).

As at September 30, 2015, 8,150,000 options with a weighted average remaining contractual life of 4.26 years (2014 - 4.23 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held.

7. RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company**:**

Due from related parties	September 30, 2015
Salary advance - Boris Ziger, CEO	$ 1,609
Expense advance - George Brown, Director	$ 3,500

Due to related parties	September 30, 2015
Management fees - Richard Tong, CFO	$ 29,820
Director fees - Charn Deol	$ 3,150
Incurred Expenses - George Brown, Director	$ 6,787

7. RELATED PARTY TRANSACTIONS (continued)

The following is a summary of transactions with directors and officers for shares issued for debt settlements: (Note 6(b)):

	No. of shares		Unit Prices		$
Management fees - Boris Ziger, CEO	1,000,000	$	0.10	$	100,000
Management fees - Boris Ziger, CEO	1,000,000	$	0.05	$	50,000
Management fees - Richard Tong, CFO	1,000,000	$	0.05	$	50,000
Director - Monty Ritchings	210,000	$	0.05	$	10,500
December 31, 2014	3,210,000			$	210,500
Management fees - Boris Ziger, CEO	1,000,000	$	0.08	$	80,000
Management fees - Richard Tong, CFO	250,000	$	0.08	$	20,000
September 30, 2015	1,250,000			$	100,000

Key Management Compensation

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made as of September 30, 2015 and December 31, 2014. Short-term key management compensation for September 30, 2015 and 2014 are as follow:

	September 30, 2015	September 30, 2014
	$	$
Director fees - Sprint Capital Inc. on behalf of Charn Deol, Director	12,000	-
Director fees - SWR Marketing. on behalf of Monty Ritchingsl, Director	-	20,500
Management fees - Boris Ziger, CEO	72,000	72,000
Management fees - Richard Tong, CFO	31,500	31,500
Share-based compensation - Boris Ziger, CEO	30,156	-
Share-based compensation - Richard Tong, CFO	45,233	-
Share-based compensation - David Lee, Director	11,326	-
Share-based compensation - George Brown, Director	26,000	-
Total key management compensation	145,656	124,000

8. MANAGEMENT OF CAPITAL

The Company's objective for capital management is to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, obtain the necessary licenses from the government for the medical marijuana business and support any expansionary plans.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. The Company defines capital as shareholders' equity. As the Company has no practical ability presently to raise money by long term or other debt, for practical purposes all of its capital management is directed towards management of its equity, warrant and option issuances. There is thus very limited flexibility in its capital management. The Company is not subject to any externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK

Classification

Financial instruments are classified into one of five categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the values of these investments will depend on their initial classification as follows: FVTPL financial assets are measured at fair value with changes in fair value recognized in operations. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as FVTPL. Accounts payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

	September 30, 2015	December 31,2014
	$	$
FVTPL (i)	19,368	119,594
Other financial liabilities (ii)	355,754	299,407

(i) Cash and cash equivalents
(ii) Accounts payable and due to related parties

Fair value

As at September 30, 2015, the Company's financial instruments consist of cash and cash equivalents, accounts payable and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 "Financial Instruments – Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

9. FINANCIAL INSTRUMENTS AND RISK (continued)

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments measured at fair value on a recurring basis at September 30, 2015 are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalent	19,368	-	-	19,368

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by monitoring adequate cash balance to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

At September 30, 2015, the Company had a cash balance of $19,368 and current liabilities of $362,694.

Foreign exchange risk

The Company does not have any foreign exchange risk as all of its transactions are in Canadian dollars.

Interest rate risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

10. COMMITMENTS

a. In September 2014, the Company signed an agreement with Marketplace Financial Inc. ("MPF") for services related to the acquisition of early stage medical marijuana projects and opportunities in Canada. The Company agreed to remunerate MPF for these services as follows:

   i) Issuance of Company common shares to MPF upon successful completion of an acquisition transaction equivalent to 10% of each transaction;

   ii) A cash payment equal to 5% of cash invested in each successfully completed acquisition transaction; and

10. COMMITMENTS (continued)

iii) A monthly retainer of $10,000 (plus applicable taxes) per month for 5 months until February 2015, to be applied to ii) above.

In October 2014, the Company signed the THCD Investment Agreement (Note 4(a)). According to this agreement, the Company has recorded $29,830 of professional fees charged to investment in THCD. The Company has also issued 625,000 common shares at a fair value of $56,500 to MPF in relation to the THCD Investment Agreement which was also charged to investment in THCD. The full amount of the investment in THCD has been included in the impairment charge recorded in these amended financials.

b. The Company entered into a rental agreement for its office space in Toronto for the period from November 1, 2014 to February 1, 2020. The annual rental commitment is $30,245 for years one and two and $31,796 for year's three to five.

c. In November 2014, the Company entered into a financing and advisory agreement with Jacob Securities Inc. ("JSI") to arrange an equity financing of up to $10 million and to provide other related financing services. The agreement will terminate in November 2015 and may be extended on mutual agreement. In accordance with the agreement, the Company is committed to the following payments:

	Amount	Share Issuance
	$	
1) Monthly advisory fee of $5,000 (plus HST) payable on the 1st of each month for a period of 9 months beginning on November 20, 2014. *($10,000 paid)*	$45,000	-
2) One time advisory fee consisting of 2,500,000 common shares of the Company following the successful closing of the financing *(not issued)*		2,500,000
Total	$45,000	2,500,000

The Company is also committed to paying a 7% cash commission to JSI on gross proceeds raised from sources of capital not found on the presidents list and 3% cash commissions to JSI on gross proceeds raised by sources of capital found on the presidents list. No financings were closed by JSI as at December 31, 2014. The financing portion of the agreement was superseded by a later agreement in March 2015 (see Note 10h)

d. In December 2014, the Company entered into a letter of intent with Ludwig Industrial Solutions Limited ("Ludwig") for the Company to acquire all the issued and outstanding shares of Ludwig subsequent to and subject to completion of a plan of arrangement under the Business Corporations Act.

e. In December 2014, the Company entered into a non-binding letter of intent with 2426702 Ontario Inc. ("THCO") for the Company to purchase a 100% ownership interest in THCO. The Company had agreed to pay $250,000 cash to THCO upon signing of a definitive agreement, and on receipt of approval by the CSE a share exchange where the Company would have issued 20,000,000 common shares for all the issued and outstanding shares of THCO. As at September 30, 2015, no definitive agreement had been signed with THCO and therefore no consideration has been made or is owed.

10. COMMITMENTS (continued)

f. Pursuant to the Investment Agreement signed in October 2014, the Company may be required to make the payments and share issuances required to maintain the 50% ownership interest of THCD as described in Note 4(a).

g. In March 2015, the Company entered into an agency agreement with Jacob Securities Inc. ("JSI") to arrange an equity financing of up to $1 million. The Company is committed to paying an 8% cash commission to JSI on gross proceeds raised from sources of capital not found on the presidents list and 3% cash commissions to JSI on gross proceeds raised by sources of capital found on the Presidents list and the issue of 1,000,000 common shares at the Closing Time on the Initial Closing Date as a financing fee. The Company closed financings with JSI in March 2015. The 1,000,000 common shares were issued in March 2015 at a value of $80,000 which was charged as a cost of the financing.

11. SEGMENT DISCLOSURE

Geographic Information

The Company's Exploration and Evaluation assets at September 30, 2015 and December 31, 2014 were based in one of two geographic areas as follows:

	Canada	United States	Total
	$	$	$
As at September 30, 2015	-	363,870	363,870
As at December 31, 2014	187,621	352,694	540,315

Operating Segments

As at September 30, 2015, the Company operates primarily in two reporting segments, being the mineral exploration industry and the medical marijuana industry. Neither segment has commenced operations as at September 30, 2015.

	Exploration	Medical Marijuana	General / Administration	Total
	$	$	$	$
Deposit	-	-	7,001	7,001
Exploration and evaluation assets	363,870	-	-	363,870
Accounts payable and accrued liabilities	-	-	(6,940)	(6,940)
Flow-through renounciation obligation	(135,046)	-	-	(135,046)

12. SUBSEQUENT EVENTS

In October 2015, the Company signed an agreement to acquire the 14 claim 280 acre Clayton Valley Lithium Project in Nevada for the Grumpy Lizard Graphite Project. The Company subsequently paid $15,000 and issued 6,000,000 common shares.

In September 2015, the Company signed a letter of intent ("LOI") to acquire 51 percent of Riopel Marine Inc. operating as Canadian Electric Boat Company ("CEBC"), a Montreal based manufacturer of electric powered pleasure boats. The Company has agreed to provide marketing and financing support to CEBC.

In October 2015, the Company engaged Meadowbank Asset Management Inc. by Riopel Marine Inc. operating as Canadian Electric Boat Company ("CEBC") to secure dealer floor plan financing. Floor plan financing will allow boat dealers and marinas to carry a sufficiently large amount of inventory of CEBC electric boats.

In November 2015, the company filed a Notice of Civil Claim against THCD and THCD related parties in BC court.