Potanicals Green Growers Inc.

Interim Financial Statements

Nine Months Ended September 30, 2017 and 2016

(Unaudited)

Notice of No Review of Interim Financial Statements

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 the financial statements have not been reviewed by an auditor.

The accompanying interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Potanicals Green Growers Inc.
Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
		$	$
Current Assets			
Cash		9,605	397,119
Amounts receivable		16,331	39,873
Prepaid expenses		20,280	34,525
		46,216	471,517
Deposits	3 and 10(b)	225,000	375,000
Properties and equipment	4	2,970,465	2,674,722
		3,241,681	3,521,239
Current Liabilities			
Accounts payable and accrued liabilities	5	170,111	52,677
		170,111	52,677
Equity			
Share capital	6	7,582,268	7,282,232
Subscriptions received (receivable)	6	(6)	(50)
Deficit		(4,510,692)	(3,813,620)
		3,071,570	3,468,562
		3,241,681	3,521,239

COMMITMENTS (Note 10)
SUBSEQUENT EVENT (Note 11)

Approved on behalf of the Board:

"Cliff Stowell"
Director

"Doug Turner"
Director

Potanicals Green Growers Inc.

Interim Statements of Comprehensive Loss
(Unaudited)
(Expressed in Canadian Dollars)

	Note	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
		$	$	$	$
Expenses					
Consulting fees	5	28,462	18,000	298,245	135,625
Depreciation		243	-	728	-
Equipment rental		953	800	2,277	800
Insurance		2,846	3,847	9,202	9,876
Management fees		-	-	-	14,332
Office and general		15,490	1,080	24,476	5,238
Professional fees		50,752	5,260	87,156	6,100
Property taxes		-	15,525	20,900	15,525
Rent	5	10,500	23,666	38,083	53,749
Repair and Maintenance		1,146	513	8,429	1,306
Salaries and benefits	5	37,610	2,320	93,578	9,493
Utilities		7,469	4,291	21,963	13,005
Travel and entertainment		38,667	55,101	92,035	55,101
Operating loss		(194,138)	(130,403)	(697,072)	(320,150)
Net loss and comprehensive loss		(194,138)	(130,403)	(697,072)	(320,150)
Loss per common share – basic and diluted		($0.01)	($0.01)	($0.03)	($0.02)
Weighted average number of common shares outstanding		21,157,152	20,781,500	20,908,053	20,781,500

See accompanying notes to interim financial statements.

Potanicals Green Growers Inc.
Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Share Subscriptions Received	Deficit	Total
		$	$	$	$
Balance, December 31, 2015 (Audited)	10,420,000	2,904,743	2,149,950	(2,634,058)	2,420,635
Share subscriptions received	-	-	467,500	-	467,500
Comprehensive loss for the period	-	-	-	(320,150)	(320,150)
Balance, September 30, 2016 (Unaudited)	20,781,500	2,904,743	2,617,450	(2,954,208)	2,,567,985
Balance, December 31, 2016 (Audited)	20,781,500	7,282,232	(50)	(3,813,620)	3,468,562
Shares issued for cash, net	960,000	300,036	(36)	-	300,000
Share subscriptions received	-	-	80	-	80
Comprehensive loss for the period	-	-	-	(697,072)	(697,072)
Balance, September 30, 2017 (Unaudited)	21,741,500	7,582,268	(6)	(4,510,692)	3,071,570

See accompanying notes to interim financial statements.

Potanicals Green Growers Inc.
Interim Statements of Cash Flows
For the Nine months ended September 30, 2017 and 2016
(Unaudited)
(Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(697,072)	(320,150)
Item not involving cash:		
Depreciation	728	-
	(696,344)	(320,150)
Changes in non-cash working capital balances:		
Amounts receivable	23,542	(9,887)
Prepaid expenses	14,245	(13,762)
Accounts payable and accrued liabilities	117,434	(177,734)
	(541,123)	(521,533)
INVESTING ACTIVITIES		
Refund of deposits	150,000	-
Acquisition of property and equipment	(296,471)	(13,301)
	(146,471)	(13,301)
FINANCING ACTIVITIES		
Advances from a related party	-	72,000
Repayment of advances to a related party	-	(8,000)
Subscriptions received	80	467,500
Proceeds from share issuance, net of share issuance costs	300,000	-
	300,080	531,500
Decrease in cash	(387,514)	(3,334)
Cash (bank indebtedness), beginning	397,119	(2,416)
Cash (bank indebtedness), ending	9,605	(5,750)
Supplemental disclosure of cash flow information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

1. NATURE OF OPERATIONS

Potanicals Green Growers Inc. ("Potanicals" or the "Company") was incorporated on February 7, 2014 in British Columbia, Canada under the provisions of the British Columbia Business Corporation Act.

The principal address of the Company is 4715 Paradise Valley Drive, Peachland, BC V0H 1X3. The Company's head office and mailing address is 6111 London Road, Unit 105, Richmond, BC V7E 3S3.

Potanicals is currently exploring opportunities for its business of producing and distributing medical marijuana pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). To date, the Company has not generated any revenue to cover expenditures and has not received its license from Health Canada.

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company's assets may be materially less than the amounts recorded in these financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended September 30, 2017, the Company incurred a net loss of $697,072 (nine months ended September 30, 2016 - $320,150) and an accumulated deficit of $4,510,692 (December 31, 2016 - $3,813,620) which have been funded by shareholders. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. All of these factors raise significant doubt about the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") adopted by the International Accounting Standards Board ("IASB").

The interim financial statements were authorized for issue by the Board of Directors on November 28, 2017.

b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for financial instruments carried at fair value where changes are recorded through profit or loss.

c) Use of estimates and judgements

The preparation of the interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the determination of the useful lives of equipment;
- the recognition and valuation of impairment of assets;
- income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements include the following:

- the evaluation of the Company's ability to continue as going concern (see Note 1).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash equivalents

Cash equivalents include other deposits that are readily convertible into cash.

e) Share issuance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered probable. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

f) Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets.

An impairment loss is recognized in operations if the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

g) Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes the acquisition price, any direct costs to bring the asset into productive use at its intended location, the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Major inspection cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Depreciation is computed on a straight-line basis based on nature and useful lives of the assets, except in the year of acquisition, when half of the rate is used. The significant classes of plant and equipment and their estimated useful lives are as follows:

Leasehold improvements	20 years
Production and other equipment	5 -10 years
Computer equipment	3 years
Furniture and fixtures	5 years

h) Financial instruments

The Company does not have any derivative financial assets and derivative financial liabilities.

Non-derivative financial assets

Non-derivative financial assets are initially recognized at fair value and are classified into one of four categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables or available-for-sale financial assets.

i) Financial assets at fair value through profit or loss

Financial asset are classified as fair value through profit or loss ("FVTPL") if they are held for trading or are designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes are recognized in operations. Upon initial recognition transaction costs are recognized in operations as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

ii) Held-to-maturity financial assets

Financial assets are classified as held-to-maturity if the Company has the positive intent and ability to hold them to maturity. These financial assets are recognized initially at fair value together with directly attributable costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Any sale or reclassification of a more than significant amount of these assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and would prevent the Company classifying investment securities as held-to-maturity for the current and following two financial years.

iii) Loans and receivables

These assets are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses.

iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and any changes, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity. When an available-for-sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is reclassified through operations.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value and are classified into one of two categories: financial liabilities at fair value through profit or loss or other financial liabilities.

v) Financial liabilities at fair value through profit or loss

These financial liabilities are acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value, and changes therein are recognized in operations.

vi) Other financial liabilities

These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using effective interest method.

i) Share-based payments

The Company accounts for share-based payments awards granted to employees and consultants using the fair value method. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest, using the Black-Scholes option pricing model. The amount recognized as expense is adjusted to reflect the number of share options expected to vest at each reporting period.

j) Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes (continued)

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred income tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred income 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. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings per share. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive.

l) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

m) Functional and presentation currency

Items included in the interim financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The functional currency of the Company is the Canadian dollar. The interim financial statements are presented in Canadian dollars, which is the Company’s presentation currency.

n) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

o) 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.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standard effective for annual periods beginning on or after January 1, 2018

IFRS 9 *Financial Instruments* - This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. 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. 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**. 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.

Standard effective for annual periods beginning on or after January 1, 2019

IFRS 16 *Leases* - IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

The extent of the impact of adoption of these above standards on the interim financial statements of the Company has not yet been determined.

3. DEPOSITS

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	$	$
Prepaid financing fees (a)	-	50,000
Deposit for equipment (b)	-	100,000
Deposit for purchase of land (c)	225,000	225,000
	225,000	375,000

On November 8, 2016, the Company entered into a contract to purchase a property. During the year ended December 31, 2016, the Company issued 450,000 common shares at a fair value of $225,000 for payment as deposit on the property (See Note 10(b)).

(Expressed in Canadian Dollars)

4. PROPERTIES AND EQUIPMENT

	Leasehold Improvements	Production and Other Equipment	Computer Equipment	Furniture and Fixtures	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2015 (Audited)	1,702,519	877,950	76,102	6,737	2,663,308
Additions	13,301	-	-	-	13,301
Balance, September 30, 2016 (Unaudited)	1,715,820	977,950	76,102	6,737	2,676,609
Balance, December 31, 2016 (Audited)	1,715,820	877,950	76,102	6,737	2,676,609
Additions	146,092	100,000	13,578	36,801	296,471
Balance, September 30, 2017 (Unaudited)	1,861,912	977,950	89,680	43,538	2,973,080
Accumulated Depreciation					
Balance, December 31, 2015 (Audited)	-	-	-	674	674
Charge for the period	-	-	-	910	910
Balance, September 30, 2016 (Unaudited)	-	-	-	1,584	1,584
Balance, December 31, 2016 (Audited)	-	-	-	1,887	1,887
Charge for the period	-	-	-	728	728
Balance, September 30, 2017 (Unaudited)	-	-	-	2,615	2,615
Net book value					
December 31, 2015 (Audited)	1,702,519	877,950	76,102	6,063	2,662,634
December 31, 2016 (Audited)	1,715,820	877,950	76,102	4,850	2,674,722
September 30, 2017 (Unaudited)	1,816,912	977,950	89,680	40,923	2,970,465

As at September 30, 2017, the Company's leasehold improvements, production and other equipment and computer equipment are still under construction and are still not available for use. As a result no depreciation has been recorded.

(Expressed in Canadian Dollars)

5. RELATED PARTY BALANCES AND TRANSACTIONS

a) As at September 30, 2017, included in accounts payable and accrued liabilities was $nil (December 31, 2016 - $10,644) due to a shareholder and a director.

b) As at September 30, 2017 and December 31, 2016, included in deposit was $225,000 (December 31, 2016 - $225,000) due to a director of the Company. In 2016, the Company entered into a purchase contract with the director of the Company for purchase of land (Note 10(b)).

The above balances are non-interest bearing, unsecured and have no fixed terms of repayment.

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the nine months ended September 30, 2017 and 2016. Short-term key management compensation consists of the following:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Transactions		$
Salaries	58,889	6,517
Consulting fees	70,110	60,000
Rent	31,500	34,000

6. SHARE CAPITAL

a) Authorized share capital

At September 30, 2017, the authorized share capital of the Company was comprised of an unlimited number of Class A, Class B, Class C and Class D common shares at par value. The Company is also authorized unlimited number of Class E and Class F preferred shares at par value of $0.01 and $10 respectively.

b) Issue of common shares

There were 960,000 common shares issued during the nine months ended September 30, 2017, for gross proceeds of $300,036.

In 2016, the Company issued the following common shares:

i. On October 16, 2016, the Company issued 373,500 common shares at a fair value of $150,989 to 2 consultants as payment for consulting services received.

ii. On October 25, 2016, the Company issued 7,970,000 common shares for total proceeds of $3,217,500, of which $2,150,000 was received in 2015.

iii. On October 25, 2016, the Company issued 432,000 common shares for payment of $108,000 due to a company controlled by a shareholder and 336,000 common shares for payment of $84,000 due to an employee. The shares had a fair value of $384,000. The Company recorded a loss on settlement of debt of $192,000.

iv. On November 2, 2016, the Company issued 800,000 common shares to certain employees at a fair value of $400,000. The amount was recorded as share-based compensation.

v. On November 9, 2016, the Company issued 450,000 common shares at a fair value of $225,000 to a director of the Company as payment of a land deposit (Note 10(b)).

(Expressed in Canadian Dollars)

7. INCOME TAX

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are expected to reverse. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	$	$
Canadian Statutory income tax rate	13%	13%
Income tax recovery at statutory rates	(90,619)	(41,620)
Non-deductible items and others	2,316	2,231
Income tax rate change and other	(116,973)	(39,389)
Change in unrecognized deferred tax assets	205,276	78,778
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of deferred tax assets (liabilities) are as follows:

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	$	$
Non-capital losses	773,255	567,230
Share issuance costs	810	1,560
Unrecognized deferred tax assets	(774,065)	(568,790)
Net deferred income tax assets	-	-

As at September 30, 2017, the Company had non-capital losses carried forward of approximately $2,863,900 (December 31, 2016 - $2,181,700) which may be applied to reduce future years' taxable income, expiring as follows:

2034	$	516,300
2035		684,900
2036		980,500
2037		682,200
	$	2,863,900

8. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, bank indebtedness, accounts payable and amounts due to a shareholder. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

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

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	$	$
Financial assets at fair value through profit or loss (i)	9,605	397,119
Other financial liabilities (ii)	170,111	52,677

(i) Cash
(ii) Accounts payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash				
September 30, 2017 (Unaudited)	9,605	-	-	9,605
December 31, 2016 (Audited)	397,119	-	-	397,119

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with chartered Canadian financial institutions. As at September 30, 2017 and December 31, 2016, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current operational activities occur within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its amounts receivable in a timely manner and by maintaining sufficient cash on hand through equity financing and bank loans.

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
September 30, 2017 (Unaudited)					
Accounts payable	170,111	(170,111)	(170,111)	-	-
Total	170,111	(170,111)	(170,111)	-	-
December 31, 2016 (Audited)					
Accounts payable	52,677	(52,677)	(52,677)	-	-
Total	52,677	(52,677)	(52,677)	-	-

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion correspondingly to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The Company is not subject to any externally imposed capital requirements.

10. COMMITMENTS

(a) On March 24, 2014, the Company entered into an agreement with the President of the Company to lease the lands located at 4715 Paradise Valley Drive, Peachland, BC for $30,000 per annum until March 2019. The lease agreement includes three five-year Options for Renewal and a Right of First Refusal, such that the Company shall have first opportunity to buy the Lands when and if the landlord wishes to sell the Lands. The rent payable during each five year renewal term shall be an amount equal to the fair market rent for that portion of the Lands upon which the production facility is constructed.

Pursuant to the agreement, the Company agreed to pay salaries of $3,000 per month to each of the President, the spouse of the President and the founder of the Company.

(b) On November 8, 2016, the Company entered into a contract with a director of the Company to purchase a property located at 4550 Trepanier Road, Peachland BC (the "Property") with a purchase price of $825,000. A purchase deposit of $225,000 has been made by issuing 450,000 common shares of the Company on November 9, 2016. Second payment of $600,000 will be paid upon the completion of the public listing of the Company.

The property is currently being rented by the Company for $1,000 per month.

(c) The Company entered into a lease agreement on May 25, 2014 with an arm’s length party to use the premises at 240 – 2639 Viking Way Richmond BC V6V 3B7 as an office for the Company. The Company agreed to pay annual lease payments of $19,392. The lease commenced on June 1, 2014 and was expired on May 31, 2017.

(d) On July 1, 2017, the Company entered into a lease agreement with a third party for leasing of office premises located at 105 – 6111 London Road, Richmond, BC V7E 3X3. The Company agreed to pay an annual rent of $27,000 until the lease expires on June 30, 2020.

10. COMMITMENTS

(e) On December 12, 2016, the Company entered into a 2 year contract with Novus Merchant Partners regarding the going public transaction and financings. The Company will pay:

i) a total success fee equal to 5% of the Company's shares issued and outstanding immediately before the closing of the going-public transaction;
ii) stock options of the resulting public company equal to 2.5% of the value of the Company's exercisable options; and
iii) monthly advisory fees at:
   a. $25,000 monthly payable on completion of the going public transaction;
   b. $15,000 payable monthly after the completion of the going public transaction until the closing of the first subsequent financing of at least $5,000,000;
   c. $25,000 payable monthly after the closing of the first subsequent financing until the closing of additional subsequent financings of cumulative proceeds of $15,000,000; and
   d. $25,000 payable monthly from the closing of the additional subsequent financings to the 24^{th} months after the going public transaction.

On August 28, 2017, the Company terminated the contract with Novus Merchant Partners.

11. SUBSEQUENT EVENTS

a) Subsequent to September 30, 2017, the Company has entered into a letter agreement (the "Letter Agreement") with Bare Root Science Inc. ("Bare Root"). Under the Letter Agreement, Bare Root will install and commission operation of its proprietary aeroponic system and related technologies for the Company's contemplated 50,000 sq foot Phase II facility for a set-up fee and license fee as determined by a definitive agreement. The Letter Agreement is subject to the negotiation and finalization of more comprehensive definitive agreement to replace the Letter Agreement on or before December 15, 2017.

b) Subsequent to September 30, 2017, the Company completed a private placement of 5,855,555 common shares at a price of $0.90 per share to raise gross proceeds of $5,270,000.