



Global Hemp Group Inc.

Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2016

Unaudited

Expressed in Canadian Dollars

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

GLOBAL HEMP GROUP INC.
Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	Note	June 30, 2016	September 30, 2015
		\$	\$
Assets			
Current assets			
Cash		977	3,559
Accounts receivable		8,210	7,821
Prepayments		1,747	26,188
Total assets		10,934	37,568
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	4,7	211,856	219,454
Note payable	8	21,843	20,191
Due to related parties	5	99,071	99,715
		332,770	339,360
Non-current liabilities			
Convertible debentures	9	179,927	259,330
		179,927	259,330
Shareholders' deficiency			
Share capital	6	3,093,107	2,967,168
Reserve		1,474,802	1,472,950
Deficit		(5,069,672)	(5,001,240)
		(501,763)	(561,122)
Total liabilities and shareholders' deficiency		10,934	37,568

The accompanying notes are an integrated part to the consolidated financial statements

Approved and authorized for issuance by the Board of Directors on August 29, 2016

"Curt Huber"
Director

"Charles Larsen"
Director

GLOBAL HEMP GROUP INC.
Consolidated Statements of Comprehensive Income (Loss)

(Unaudited - expressed in Canadian dollars)

		Three months ended June 30,		Nine months ended June 30,	
	Note	2016	2015	2016	2015
		\$	\$	\$	\$
Gross Revenue		-	11,833	7,028	11,833
Cost of Goods Sold		-	11,466	5,550	11,466
Gross Profit		-	367	1,478	367
Expenses					
Advertising and promotion		325	1,005	407	1,214
Consulting		7,856	149,089	30,302	177,089
Office and administration		597	11,185	1,143	29,600
Professional fees		1,500	3,600	2,154	12,900
Share based compensation	5	-	672	-	25,372
Shareholder communication		-	14,061	-	14,061
Travel		26	7,570	2,670	8,401
Trust and filing fees		3,049	17,114	11,505	26,649
Loss before the following		(13,353)	(203,929)	(46,703)	(294,919)
Exchange gain (loss)		-	2,384	104	2,384
Interest and finance charge		(6,583)	(55,179)	(21,833)	(124,317)
Net loss		(19,936)	(256,724)	(68,432)	(416,852)
Other comprehensive income					
Translation adjustment		-	27,235	1,852	(11,381)
Comprehensive loss		(19,936)	(229,489)	(66,580)	(428,233)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of outstanding shares		142,143,123	137,917,545	140,702,164	137,917,545

The accompanying notes are an integrated part to the consolidated financial statements

GLOBAL HEMP GROUP INC.
Statements of changes in deficiency

(Unaudited - expressed in Canadian dollars except for number of shares)

	Note	Share Capital		Reserve			Deficit	Shareholders' deficiency
		Number	Amount	Share-based payment reserve	Foreign currency translation	Conversion Right - convertible debenture		
	1,3				Discontinued Operations		Continued Operations	Discontinued Operations
			\$	\$	\$	\$	\$	\$
Balance, September 30, 2014		137,917,545	2,967,168	1,472,882	(6,951)	—	(4,151,937)	(366,440)
Translation		—	—	—	(11,381)	—	—	—
Stock based compensation				25,372	—		—	—
Convertible Rights issued with Convertible Debenture		—	—	49,418	—	52,086	—	—
Loss for the period		—	—	—	—	—	(395,417)	(21,435)
Balance, June 30, 2015		137,917,545	2,967,168	1,547,672	(18,332)	52,086	(4,547,354)	(387,875)
Balance, September 30, 2015		137,917,545	2,967,168	1,497,850	(24,900)	—	(4,632,308)	(368,932)
Translation adjustment		—	—	—	1,852	—	—	—
Conversion of convertible debentures into common shares		4,685,601	125,940	—	—	—	—	—
Net Income for the period		—	—	—	—	—	(68,432)	—
Balance, June 30, 2016		142,603,146	3,093,108	1,497,850	(23,048)	—	(4,700,740)	(368,932)

The accompanying notes are an integrated part to the consolidated financial statements

GLOBAL HEMP GROUP INC.
Consolidated Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Nine Months ended June 30,	
	2016	2015
Cash (used in) provided by:	\$	\$
Operating activities		
Profit (Loss) for the period	(68,432)	(416,852)
Non-cash items		
Share based compensation	—	25,372
Accretion for convertible debentures	—	4,807
Interest accrual	21,415	115,184
Unrealized exchange loss	(3)	—
Changes in non-cash operating working capital		
Accounts receivables and prepaid	24,052	(54,112)
Accounts payable and accrued liabilities	9,178	253,061
Due to related parties	(644)	52,133
Cash used in operating activities	(14,434)	(20,407)
Financing activities		
Proceeds from convertible debenture issuance	10,000	64,400
Cash provided by financing activities	10,000	64,400
Effect of foreign exchange	1,852	(11,380)
Change in cash	(2,582)	32,613
Cash, beginning of the year	3,559	4,445
Cash, end of the period	977	37,058

The accompanying notes are an integrated part to the consolidated financial statements

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and nine months ended June 30, 2016
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the “Company”) was incorporated on October 30, 2009 in British Columbia, Canada as Arris Holdings Inc. and changed its name to Global Hemp Group on March 24, 2014. The Company’s principal activity is seeking business opportunities in the hemp and cannabis industries. The Company was previously in the sector of exploration and development of mineral properties.

The Company’s head office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC V7H 2Y4. The Company’s shares are traded on Canadian Securities Exchange and on the Frankfurt Stock Exchange under the symbol “GHG”, and on the OTCBB under the symbol “GBHPF”.

On July 29, 2015 the Company entered into a Letter of Intent (“LOI”) with Western Sierra Mining Corp. (WSM) for the acquisition of agricultural lands for the purpose of hemp cultivation. The parties are in the process of arranging the necessary funding to proceed with the project. The completion of the transaction is subject to a number of conditions, including signing of a definitive agreement. The LOI with WSM was last extended on January 26, 2016, and both parties anticipate entering into a definitive agreement within sixty days after receipt of project funding.

On December 2, 2015, the Company dissolved its wholly owned subsidiary, Global Hemp Group, Inc. (“GHG Nevada”) (incorporated in Nevada, U.S.A. on December 17, 2013). Global Hemp Group, Inc. had no net assets at December 31, 2015.

Management is actively looking at additional new projects in both the hemp and cannabis space that can be acquired and that will produce near term revenue for the Company. Since joining the Company's Advisory Board in February Mr. Frank Giese and has been advising the Company on matters relating to hemp and cannabis genetics and exploring other industry opportunities within Washington and Oregon states.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for three and nine months ended June 30, 2016, together with the comparative figures herein have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
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These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted.

These consolidated financial statements include the accounts of the Company. The opening deficit balance as at the year ended September 30, 2015 of the Company's wholly owned subsidiary, GHG Nevada dissolved on December 2, 2015 has been separately disclosed as discontinued operation in the Statement of Changes in Deficiency (Note 1).

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and the fair value of inventory.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Accounting standards issued but not yet applied

The Company has not adopted new accounting standards since its recent year ended September 30, 2014.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after December 31, 2014 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position: IFRS 9 Financial Instruments (new; to replace IAS 39 and IFRIC 9); and Amendments to IAS 32 Financial Instruments: Presentation.

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

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016	September 30, 2015
	\$	\$
Trade payables	141,710	135,021
Accrued liabilities	70,146	84,433
	211,856	219,454

5. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	Nine months ended June 30, 2016	2015
		\$	\$
A director ¹	Consulting fees	-	10,000

¹ These fees were incurred as a consultant to the company, prior to becoming a Director on December 29, 2014.

\$24,675 (September 30, 2015 - \$24,675) was owing to companies controlled by a relative of a former director, \$63,371 (September 30, 2015 - \$63,655) was owing to directors of the Company and \$11,025 (September 30, 2015 - \$11,385) was owing to the former CFO of the Company.

6. CAPITAL STOCK

Authorized

Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding

All share and per share information has been retroactively restated in these consolidated financial statements to reflect the one to five share split completed on February 16, 2014.

On November 16, 2015, 90 units of the Debentures (Note 9) including accrued interest, were converted into 2,782,779 shares.

On April 22, 2016, 27 units of the Debentures (Note 9) including accrued interest, were converted into 1,902,822 shares.

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Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number of years to expiry
	\$		
Balance, September 30, 2015	15,021,655	0.10	1.26
Granted	540,000	0.05	2.46
Balance, June 30, 2016	15,561,655	0.10	1.30

Stock options

	Options	Weighted average exercise price	Weighted average number of years to expiry
	\$		
Balance, September 30, 2014	12,474,999	0.10	2.06
Granted	1,300,000	0.10	2.54
Cancelled	(3,966,666)	-	-
Balance, September 30, 2015 & June 30, 2016	15,561,655	0.11	2.43

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Basic and diluted loss per share

Diluted loss per share does not include the effect of 15,561,655 warrants and 9,808,333 options as the effect would be anti-dilutive.

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7. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	June 30, 2016	September 30, 2015
	\$	\$
Loans and receivables:		
Cash	977	3,559

Financial liabilities included in the statements of financial position are as follows:

	June 30, 2016	September 30, 2015
	\$	\$
Non-derivative financial liabilities:		
Trade payables and accrual	211,856	219,454
Due to related parties	99,071	99,715
Convertible debentures	179,927	259,330
Note payable	21,843	20,191
	512,679	598,690

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instrument classified as Level 1 includes cash only.

8. NOTE PAYABLE

On December 1, 2014, the Company converted \$18,355 of its accounts payable owing to a company ("Lender") into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. The Company grant in favor of the Lender, a general and continuing collateral security to secure the note payable. To June 30, 2016, the Company has accrued \$3,489 (September 30, 2015 - \$1,836) in interest on the note payable.

9. DEBENTURES

During the year ended September 30, 2015, the Company completed two non-brokered private placements of 250 units of Debentures for gross proceeds of \$250,000. The principal amount of the Debentures matures on November 17, 2017 (the "Maturity Date") and accrue interest at 15% per annum payable on the Maturity Date.

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The Debentures are unsecured. The Company also recorded a one-time interest charge of \$4,089 for the conversion of trade payables to Debentures during the year ended September 30, 2015.

The principal amount of the Debentures is convertible into common shares of the Company and any accrued but unpaid interest thereon is convertible into shares at a price of \$0.035 per share at any time before the Maturity Date. Each \$1,000 of the Debentures includes 28,571 warrants exercisable at a price of \$0.05 for a period of three years. A finder's fee of \$5,600 was paid and 112,000 finder's warrants were issued, with a fair value of \$1,568. The finder's warrants are exercisable at \$0.05 for a period of one year.

On November 16, 2015, 90 units of the Debentures including accrued interest, were converted into 2,782,779 shares.

On December 17, 2015, the Company completed a non-brokered private placement of Convertible Debentures for gross proceeds of \$27,000. The principal amount of the Debentures matures within three years and accrue interest at 15% per annum, payable on the maturity date. The principal amount of the Debentures is convertible into common shares of the Company and any accrued but unpaid interest thereon is convertible into shares at a price of \$0.015 per share at any time before the maturity date. Each \$1,000 of the Debentures is accompanied with 20,000 warrants exercisable at a price of \$0.05 for a period of three years.

On April 22, 2016, 27 units of the Debentures (Note 9) including accrued interest, were converted into 1,902,822 shares.

As at June 30, 2016, the Company has accrued \$30,050 (September 30, 2015 - \$16,498) in interest on the Debentures.

		June 30, 2016	September 30, 2015
Principal amount	\$	151,060	\$ 250,000
Less finder's fee and cash		(7,168)	(7,168)
Accrued interest		36,034	15,351
	\$	179,926	\$ 258,183