GOLDEN LEAF HOLDINGS LTD.

CSE FORM 2A
LISTING STATEMENT

October 8, 2015

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Forward-Looking Statements

Unless otherwise indicated:

(i) use of the term "**Longacre**" refers to Longacre Resources Inc. prior to the Transaction (as defined below);

(ii) use of the term "**GLH**" refers to Golden Leaf Holdings Inc. prior to the Transaction;

(iii) use of the term "**Issuer**" refers to Golden Leaf Holdings Ltd. (being Longacre following the Transaction), together with Greenpoint Canada Inc. ("**Amalco**"), its wholly-owned operating subsidiary.

The information provided in this listing statement (the "**Listing Statement**"), including information incorporated by reference, may contain "forward-looking statements" about Longacre, GLH and the Issuer. In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the Issuer and/or GLH and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, legal and regulatory risks inherent in the medical marijuana industry, risks associated with economic conditions, dependence on management and currency risk; and

- other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer and/or GLH. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer and/or GLH undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See *Section 17 – Risk Factors*.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, neither Longacre nor GLH have independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

2. CORPORATE STRUCTURE

2.1(a) – Corporate Name and Head and Registered Office – Issuer

The Issuer was incorporated as "Longacre Resources Inc." on April 12, 2011. The Issuer changed its name to Golden Leaf Holdings Ltd. upon completion of the Transaction and the issuer's continuance into Ontario. The Issuer's head office and registered office is located at 1235 Bay Street, Suite 400, Toronto, Ontario, M5R 3K4

2.1(b) – Corporate Name and Head and Registered Office – GLH

GLH was incorporated with the name "Golden Leaf Holdings Inc." on April 8, 2014. GLH's head office and registered office is located at 1235 Bay Street, Suite 400, Toronto, Ontario M5R 3K4.

2.2(a) – Jurisdiction of Incorporation – Issuer

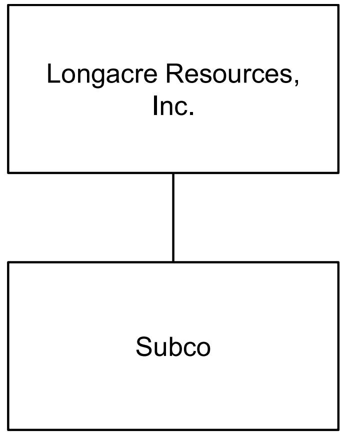
Issuer was incorporated under the *Business Corporations Act* (British Columbia). It continued under the *Business Corporations Act* (Ontario) on October 6, 2015 as part of the Transaction.

2.2(b) – Jurisdiction of Incorporation – GLH

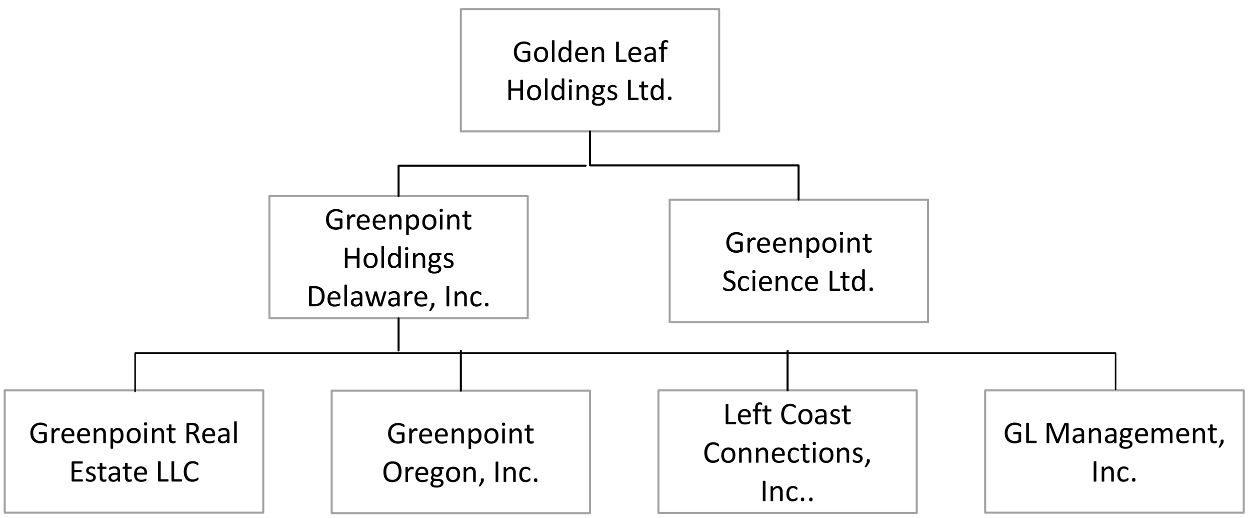
GLH was incorporated on April 8, 2014 under the *Business Corporations Act* (Ontario).

2.3 – Inter-corporate Relationships

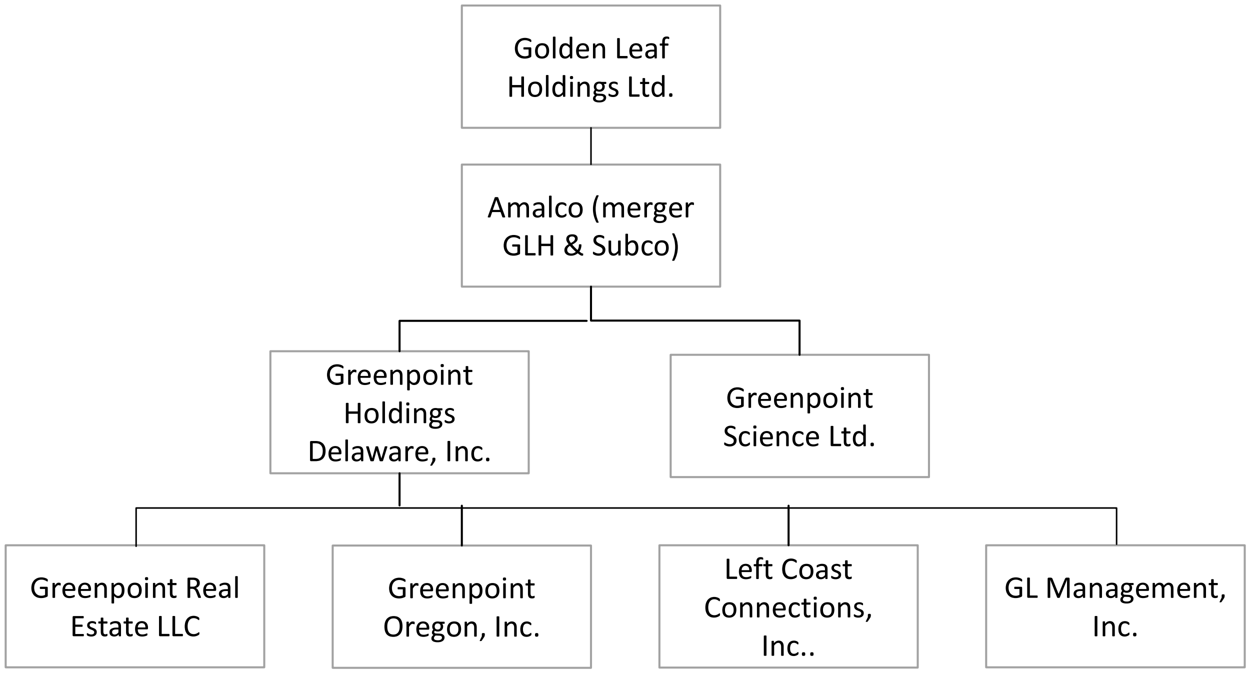
Prior to the Closing (as defined below) of the Transaction, Longacre had one wholly owned subsidiary 2470251 Ontario Inc. ("**Subco**").



Prior to the Closing of the Transaction, GLH had six subsidiaries which were wholly owned either directly or indirectly. The following diagram presents the organizational chart for GLH immediately preceding the Transaction.



On Closing of the Transaction described below in *Section 3 – General Development of the Business*, GLH and Subco amalgamated to form Greenpoint Canada Inc. ("**Amalco**") which became a wholly-owned subsidiary of the Issuer, and the corporate structure of the Issuer is as follows:



2.4 – Fundamental Change

Immediately before listing on the Canadian Securities Exchange ("**CSE**"), Longacre, Subco and GLH completed the Transaction. In conjunction with the Transaction, the Issuer continued under the *Business Corporations Act* (Ontario) and changed its name to "Golden Leaf Holdings Ltd." The Issuer now has one direct wholly owned subsidiary, Amalco, along with six indirect wholly owned subsidiaries (as shown in the corporate structure diagram in Section 2.3 above).

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1(a) – General Development of the Issuer's Business

The business of GLH became the business of the Issuer upon Closing of the Transaction.

General Description of Longacre's Business

Prior to the Closing of the Transaction, Longacre had no active business operations and was seeking business opportunities. On May 22, 2015, Longacre entered into a merger agreement with GLH outlining proposed terms of the Transaction. Closing of the Transaction (the "Closing") occurred on October 6, 2015 (the "Closing Date").

None of Longacre's securities were listed or posted for trading on any stock exchange or quotation system, but Longacre was a reporting issuer in the Provinces of Alberta and British Columbia. Longacre's financial year end is March 31.

The business of GLH is the supply of medical marijuana by registered patients to registered patients. The main operating company is Greenpoint Oregon, Inc. which is based in the State of Oregon ("**GPO**"). GPO's products trade under the brand names Golden XTRX™ and Proper™. Oregon is the first state in which GLH commenced operations, with GLH commencing sales in August of 2014. GLH operates on a "from patients for patients" principle which is key to executing its business. GLH operates a vertically integrated business, which includes the cultivation and growing of cannabis plants, oil extraction, the manufacture of cannabis oil based products and distribution of its oil based products and cannabis flower through wholesale and retail channels.

The Transaction

On May 22, 2015, Longacre, GLH and Subco entered into a merger agreement (the "**Merger Agreement**") pursuant to which and subject to the satisfaction of certain conditions GLH agreed to amalgamate with Subco to form Amalco, a wholly owned subsidiary of the Issuer (the "**Amalgamation**"). On October 6, 2015, GLH, Subco and Longacre entered into an amalgamation agreement (the "**Amalgamation Agreement**") and completed the Amalgamation. Pursuant to the Amalgamation and the terms of the Merger Agreement and Amalgamation Agreement (a) the common shares of GLH (the "**GLH Shares**") were cancelled and each GLH shareholder received one (1) common share of the Issuer ("**Issuer Share**") for each GLH Share, and (b) Amalco, being the entity resulting from the Amalgamation, issued one (1) common share in the capital of Amalco to the Issuer for each Issuer Share issued to the former GLH shareholders (the "**Transaction**"). Immediately following the Amalgamation, the former GLH shareholders held 60,448,736 Issuer Shares, Amalco became a wholly owned subsidiary of the Issuer, and the Issuer continued under the OBCA under the name "Golden Leaf Holdings Ltd.". The number of Issuer Shares issued to the GLH shareholders in connection with the Amalgamation was determined pursuant to arm's length negotiations between the management of each of Longacre and GLH.

GLH currently has common share purchase warrants outstanding exercisable into 32,989,115 GLH Shares (the "**GLH Warrants**"). In accordance with the terms of the GLH Warrants, and as reflected in the Merger Agreement after the completion of the Transaction all GLH Warrants are exercisable into Issuer Shares on identical terms *mutatis mutandis*. GLH also has 5,595,000 common shares issuable upon the exercise of options under its stock option plan ("**GLH Options**"). Upon completion of the Transaction, each GLH Option became exercisable into on share of the Issuer. Additionally, GLH also has US$2.190 million in principal amount of convertible debentures (the "**Debentures**") that are convertible into 2.190 million GLH Shares. In accordance with the terms of these Debentures, upon the completion of the Transaction they shall be convertible into Issuer Shares on substantially the same terms, *mutatis mutandis*.

The deemed issue price of each Issuer Share issued to the former GLH shareholders was USD$1.00. The Issuer Shares held by the officers, directors and insiders of GLH are subject to escrow restrictions pursuant to the policies of the CSE.

Transaction Mechanics

Pursuant to the Merger Agreement, and as a condition of Closing, the following transactions occurred on or before the Closing Date:

(a) Disposition of Longacre's Mineral Property Assets

By agreement dated August 28, 2015, Longacre sold all of its right, title and interest in and to those three adjoining mineral tenures comprising 314.64 ha. located approximately 40 kilometers northeast of Hope, in south western British Columbia, referred to as the Christa – Aura Property, for nominal consideration. Following that disposition, Longacre had no material assets.

(b) Consolidation of Longacre's Shares and Cancellation of Warrants

On February 1, 2015, Longacre cancelled all of its 4,670,000 escrow shares (the "**Escrow Cancellation**") and on May 14, 2015 it completed a consolidation of its remaining shares (the "**Consolidation**") on a 1 for 2 basis. After the completion of the Consolidation, Longacre had 700,000 Issuer Shares issued and outstanding.

Prior to the completion of the Transaction, Longacre had common share purchase warrants ("**Longacre Warrants**") outstanding which were exercisable to acquire 4,570,000 shares of Longacre. On February 1, 2015, Longacre entered into warrant cancellation agreements with each holder of Longacre Warrants pursuant to which all outstanding Longacre Warrants were cancelled. After the cancellation of the Longacre Warrants, Longacre had no securities outstanding that were exercisable, convertible or exchangeable into common shares.

(c) Debt Cancellation and Conversion

In February 2015, the Issuer entered into debt cancellation agreements with its creditors pursuant to which debt of $101,250 was forgiven. On May 22, 2015, after completion of the Consolidation, a creditor of Longacre converted $3,750 of debt owing by Longacre into 75,000 Issuer Shares (the "**Debt Conversion**"). After the completion of the Consolidation and the Debt Conversion, Longacre had 775,000 common shares issued and outstanding.

(d) Continuance of Longacre from British Columbia to Ontario

On October 1, 2015, Longacre filed an application for continuance with the B.C. Registrar of Companies which was duly endorsed and authorized. On October 6, 2015, Longacre filed Articles of Continuance in Ontario and continued as a corporation governed under the laws of the Province of Ontario under the name Golden Leaf Holdings Ltd.

(e) Treatment of GLH Options

All of the holders of stock options ("**GLH Option holders**") of GLH ("**GLH Options**") that were not duly exercised prior to the Closing Date, became exercisable into shares of the Issuer on substantially the same terms as the GLH Options, *mutatis mutandis*. The options will continue to be governed under the GLH incentive stock option plan. For further information, please see *Section 9 - Options to Purchase Securities*.

(f) Lock-up Agreement

GLH asked certain of its shareholders to enter into a voluntary lock-up agreement (the "Lock-up Agreement"). Under the terms of the Lock-up Agreement, those shareholders who have become a party to the Lock-up Agreement have agreed to lock up 50% of their Issuer Shares. A portion of Issuer shares subject to the Lock-up Agreement will be released over a six month period commencing on January 1, 2016. 16.66% of the total amount of a shareholder's Issuer Shares subject to the Lock-up Agreement will be released on the first day of each month from January 1, 2016 to May 1, 2016. The remaining 16.7% of the Issuer Shares will be released from the lock-up on June 1, 2016. A total of 13,067,260 Issuer Shares have been locked-up, representing approximately 21.3% of the issued and outstanding Issuer Shares.

Conditions to Closing the Transaction and Required Approvals

The Transaction was subject to a number of approvals, which were obtained, and conditions, which were met, prior to its implementation, including, but not limited to the following:

(a) the acceptance for listing of the Issuer's Shares on the CSE;

(b) the election and appointment of certain directors and officers of the Issuer;

(c) the divestiture by the Issuer of its interests in all mining assets;

(d) completion of the Consolidation

(e) completion of the Debt Conversion;

(f) the issuance of the Exchange Options;

(g) all conditions precedent set forth in the Merger Agreement, having to be satisfied or waived by the appropriate party; and

(h) the receipt of all necessary corporate, regulatory and third party approvals including the approval of the CSE, and compliance with all applicable regulatory requirements and conditions in connection with the Transaction.

Longacre had 775,000 common shares issued and outstanding immediately prior to the Closing of the Transaction.

Upon the completion of the Transaction, the Issuer had 61,223,736 Issuer Shares issued and outstanding, with GLH Shareholders holding 60,448,736 Issuer Shares or approximately 98.7% of the outstanding Issuer Shares.

In addition, after completion of the Transaction the Issuer had securities exchangeable or exercisable for, or convertible into, 40,774,115 Issuer Shares.

Certain of the Issuer Shares held by founders and management are subject to escrow that prohibits transfer for up to a three year period following the listing of the Issuer on the CSE (the "**Listing**") pursuant to the policies of the CSE and Form 46-201 Escrow Agreement, but will otherwise have all of the normal rights associated with Issuer Shares, such as entitlement to dividends, voting powers and participation in assets upon dissolution or winding up, until they are released from escrow.

The board of directors of the Issuer was reconstituted in conjunction with the Closing of the Transaction such that it consists of directors: Rick Miller, Don Robinson, Andy Hartogh, Philip van den Berg, Sam Pillersdorf and Elijah Cohl. In accordance with the Merger Agreement, on the Closing of the Transaction the constitution of the Issuer's senior management was changed to be Rick Miller as Chairman, Don Robinson as CEO and Brian Gentry as CFO.

3.1(b) – General Development of GLH's Business

GLH was incorporated in Canada on April 8, 2014 and, through its subsidiaries, commenced operations in August 2014 in the state of Oregon. GLH produces and distributes medical cannabis and cannabis extracts within the State of Oregon. GLH is a vertically integrated business that cultivates and grows cannabis plants, extracts oil from the cannabis plant, prepares and packages the oils into various products for medicinal use and sells these cannabis oil based products along with the cannabis flower that it cultivates through both a wholesale distribution network and its own state-licensed retail dispensary.

On May 12, 2014 GLH entered into an asset purchase agreement with Andy Hartogh, of Portland, Oregon to acquire certain cannabis cultivation and processing assets for total consideration of US$680,800. GLH issued a promissory note in the amount of US$212,500, issued 2,925,000 common shares of GLH, and issued 1,500,000 warrants with an exercise price CAD$0.02 as full consideration for the acquired assets. GLH has used these assets to assemble its cultivation facility and its oil extraction and processing facility located just outside Portland, Oregon. As part of the transaction, Mr. Hartogh signed an employment agreement with Greenpoint Oregon, Inc. and also entered into a non-competition and non-solicitation agreement with GLH.

In May of 2014, GLH, through its wholly owned subsidiary, Left Coast Connections, Inc., acquired a license to operate a dispensary selling cannabis products directly to patients along with other assets from OMCC Oregon, LLC ("**OMCC")**. As consideration for the acquisition, GLH paid OMCC 200,000 GLH Shares and assumed US$27,000 of liabilities.

GLH commenced sales and full operations in August of 2014, selling both cannabis flower and CO_2 extracted cannabis oil products under the brand name Golden XTRX™. Since commencing operations, GLH's products are being sold in approximately 200 dispensaries in Oregon which are licensed to sell medicinal cannabis directly to patients. In February of 2015, GLH acquired a second CO_2 oil extraction machine which became operational in March of 2015, effectively allowing GLH to double its CO_2 extracted cannabis oil production. A third CO_2 extraction machine became operational in May 2015 and GLH ordered two more machines in June which became operational in September of 2015.

In January of 2015, GLH acquired a hydro-carbon machine for the production of hydro-carbon extracted cannabis oils which became operational in February. GLH launched its line of hydro-carbon extracted cannabis oil products in the same month under the brand name Proper™. In April of 2015, GLH acquired a second hydro-carbon machine with a view to doubling its output of hydro-carbon extracted cannabis oils.

In January 2015, GLH launched its R&D division through its wholly owned Israeli subsidiary, Greenpoint Science Ltd. In connection with the launch of its R&D division, Dr. Moshe Bar joined GLH as head of the R&D division. Dr. Bar, was a former member of the vegetable R&D leadership team at Syngenta, the Swiss based global seeds company. The R&D division supports the cultivation process which enables GLH to develop a differentiated product-mix with its own proprietary strains of cannabis.

On April 1, 2015 GPO entered into a 15 year sub-lease near Aurora, Oregon for a 96 acre property to build out GLH's cultivation and grow activities (the "**Aurora Property**"). This sublease was terminated on June 30, 2015, however, an option to purchase the property was acquired by GLH in consideration for 200,000 warrants exercisable at US$1.00 for a period for three years and 200,000 warrants exercisable at US$5.00 for a period of three years. The option to acquire the property was assigned to GLH's wholly owned subsidiary, Greenpoint Real Estate, LLC and was exercised on September 28, 2015. The Aurora Property was acquired for a purchase price of US$3.3 million and was financed by (a) US$100,000 in cash from GLH; (b) US$1.5 million secured 9% promissory note, maturing on September 14, 2017; (b) US$1.7 million in 12% convertible debentures, convertible at US$1.00 and maturing on September 17, 2017. A total of 100,000 bonus warrants were issued to the debentureholders which are exercisable at US$1.00 for a period of three years. In connection with the purchase and financing of the Aurora Property, Sam Pillersdorf, a director of GLH, purchased a convertible debenture in the principal amount of US$1,000,000 and received 59,171 of the 100,000 bonus warrants.

GLH plans on moving its head office to the Aurora Property and all processing facilities and cultivation will ultimately migrate to the new site. A project is under development to refurbish and expand the existing greenhouse facilities on this site. In the initial phase, 29,000 square feet will be developed for breeding, 18,000 square feet will be developed for cloning and 29,000 square feet has been developed for commercial production. In December 2015, it is anticipated that a further 108,000 square feet will be developed for commercial production subject to regulatory administrative approval.

3.2 – Significant Acquisitions and Dispositions

Other than Longacre's acquisition of GLH, there have been no significant acquisitions or dispositions for which *pro forma* financial statements would be required under National Instrument 41-101 – *Prospectus Contents – Non-Financial Matters* if this Listing Statement were a prospectus.

Notwithstanding the foregoing, GLH anticipates entering into a non-binding letter of intent to acquire all of the business, asssets and undertakings of a company in Washington. This acquisition remains subject to a number of conditions, including due diligence and negotiating and entering into a definitive agreement. If the transaction were to be completed, management believes the acquisition would be a significant acquisition for the purposes of National Instrument 51-102. There can be no assurance that this acquisition will be completed.

3.3 – Trends, Commitments, Events or Uncertainties

There are 23 states in the United States of America, including the state of Oregon that have legalized cannabis for medical use. Cannabis has also been legalized for recreational use in Colorado, Washington and Alaska. In November of 2014, a measure was passed by Oregon voters in a referendum to legalize the recreational use of cannabis. *See Oregon State Regulation below.*

Currently GLH only operates in the state of Oregon, although it intends to expand into other states within the United States of America that have legalized cannabis use either medicinally or recreationally. Notwithstanding that the use of cannabis for medicinal purposes has been legalized in the state of Oregon, cannabis and cannabis extracts remain illegal under U.S. federal law and cannabis is listed as a Schedule I narcotic under the U.S. Controlled Substances Act. However, in 2009 the U.S. federal government adopted guidelines no longer making it a priority to use federal resources to prosecute people with serious illnesses or their caregivers who are complying with state law as it pertains to the use of medical cannabis. Additionally, in 2014 the current Deputy U.S. Attorney General, James Cole, publicly announced that the federal government would not pursue the prosecution of cannabis producers that are in compliance with state law.

Passage of the federal spending bill on December 15, 2014 marked the first time in history that Congress eased up on the potential federal prosecution of medicinal cannabis cultivators, sellers and patients. The bill includes an amendment that prohibits the Department of Justice — which includes the Drug Enforcement Administration — from using funds to interfere with state medical marijuana laws. The U.S. House of Representative finally approved the bill in May of 2014 as an amendment to the Commerce, Justice, Science, and Related Agencies Appropriations Act. This federal spending bill also prohibits the U.S. Justice Department from interfering with state-level cannabis laws. The bill works to protect the medical marijuana programs in the 23 states that have legalized marijuana for medical purposes, as well as 11 additional states that have legalized cannabidol ("CBD") oils, a non-psychoactive ingredient in cannabis which, among other things, has shown to be beneficial in some severe cases of epilepsy.

As marijuana remains a Schedule I narcotic under U.S. federal law, U.S. federal law also makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. There has been no change in U.S. federal banking laws notwithstanding that 23 states have legalized medical marijuana. Colorado, Alaska and Washington have legalized marijuana for recreational use, and Oregon voters voted in a referendum requiring the Oregon State government to promulgate rules of the recreational use of marijuana by July 1, 2015.

Due to banks' fears of being implicated in or prosecuted for money-laundering, marijuana businesses are often forced into becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to marijuana businesses. The Treasury Department's Financial Crimes Enforcement Network ("FinCEN") has issued guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks that serve marijuana-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The guidance also lays out a process for financial institutions to provide services to marijuana businesses, but makes it clear that they are doing so at their own risk. Despite the attempt by FinCEN to legitimize marijuana banking, in practice this guidance has not made banks much more willing to provide services to marijuana businesses. This is because the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business it takes on as a client. Recently, some banks that have been servicing marijuana businesses have been closing accounts operated by marijuana businesses and are now refusing to open accounts for new marijuana businesses as they are unwilling to take on the associated risks or conduct the proper due diligence that would be required to ensure none of the federal priorities are being violated.

The few credit unions who have agreed to work with marijuana businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk. Since the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also servicing the need of their other customers.

A small number of credit unions in Washington State have announced they will serve marijuana-related business, but they are limiting their services to only those at the front end of the market; producers and processors whose sales are limited to licensed distributors and can easily be tracked by the state (relieving the banks of the burden to do so directly). However, these credit unions will not service dispensaries because the required due diligence is too cumbersome when marijuana is being sold by a licensed dispensary to the public.

To solve the current banking problem, a bill has been tabled in the U.S. Congress to create the *Marijuana Business Access to Banking Act*. If passed, this legislation would grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business is in compliance with state law. The legislation would also prohibit the Treasury Department from requiring banks to report a transaction as suspicious solely because it came from a marijuana-related business that operates in compliance with state law. Additionally, the bill would prohibit regulators from terminating a bank's depository insurance because it services marijuana businesses in compliance with state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all.

Currently, GLH operates through two banks in Canada and two banks in the U.S.. GLH maintains close ties and strong relationships with its current bankers and continues to build relationships with other banks and credit unions servicing the marijuana industry.

There are significant risks associated with the business of the Issuer, as described above and in *Section 17 – Risk Factors*. Readers are strongly encouraged to carefully read all of the risk factors contained in *Section 17 – Risk Factors.*

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(a) – Narrative Description of the Issuer's Business

The business of GLH became the business of the Issuer following the Closing of the Transaction.

4.1(b) – Narrative Description of GLH's Business

GLH was incorporated in Canada on April 8, 2014 and commenced active business operations in August of 2014. GLH's primary objective is to be the leading cultivator, grower and extractor of cannabis oil products in the State of Oregon. GLH intends to expand into other states that have legalized the use of cannabis with a view to becoming a leader in the industry.

Organization

GLH is a vertically integrated business that cultivates and grows cannabis plants, extracts oil from the cannabis plant, prepares and packages the oils into various products for medicinal use and sells these cannabis oil based products along with the cannabis flower that it cultivates through both a wholesale distribution network and its own state-licensed retail dispensary.

GLH has successfully merged the industry culture of cannabis growers with the corporate culture of financial, operational, marketing and R&D disciplines in order to build a scalable business with corporate governance and a divisional organization.

GLH, inclusive of its subsidiaries, has a total of 52 full time employees. Don Robinson and Brian Gentry serve as GLH's CEO and CFO, respectively. Moshe Bar is CEO of GLH's Israeli subsidiary, Greenpoint Science Ltd. ("**GPS**"), through which all R&D activity is conducted. Andy Hartogh is the President of GLH's main operation subsidiary, **GPO**, and Mr. Hartogh along with Chris Miller oversee the company's current cultivation operations. Ryan Acheson oversees the GLH's retail operations through its fully licensed dispensary which is held through a wholly owned subsidiary, Left Coast Connections, Inc. Beau Whitney serves as GPO's compliance officer, Tim Fitzpatrick heads operations, Bliss Dake is in charge of marketing and Adreas Met heads up GPO's wholesale sales efforts.

Production & Sales - Cultivation

GLH operates its cultivation business through its wholly owned subsidiary, GPO. Currently, GPO may cultivate up to a maximum of 320 mature cannabis plants. GPO is permitted under Oregon state law to cultivate and grow cannabis plants by registered patients designating employees of GPO as their dedicated grower and to grow marijuana on their behalf. Each employee of GPO that is designated as a grower by a patient is permitted to possess six immature cannabis plants, 18 mature cannabis plants and 1.5 pounds of usable marijuana per patient. One person may be designated as a grower by up to four patients. GPO has agreed to provide each of the patients that have designated GPO's employees as their grower with 20 ounces of cannabis flower per month at no charge. In return, each patient has agreed to sign over all of the remainder of their allotment of cannabis to the grower who can then sell it to a licensed dispensary. Each employee of GPO that has been designated as a grower, sells the excess cannabis that has been signed over by the patient to the grower on behalf of GPO and all money from the sale of cannabis is turned over to GPO.

GPO currently operates its cultivation business in a 29,000 square foot fully functional grow facility. The cultivation business is overseen by Andy Hartogh, who has 10 years of experience in growing cannabis. Currently, 22 patients have designated five employees of GPO as their growers, allowing GPO employees to possess an aggregate of 133 immature plants, 400 mature plants and 25 pounds of usable marijuana. All employees of GPO that have been designated by patients as a grower have entered into non-competition agreements which contractually prevent these employees from growing cannabis for the same patients if they cease to be employed by GPO for five years.

The major stages in the cannabis cultivation process are cloning, vegetation, flowering, curing and trimming. The entire process lasts from 100 to 130 days. However, GPO's production is intentionally staggered such that plants are ready for harvest every 14 – 21 days. Each mature plant is bar-coded and tracked in the inventory tracking system and is internally audited on a regular basis throughout the growth cycle. The plants are tracked from room to room and are also weighed and tracked once harvested and ready for sale.

On average, GPO's cultivation operations currently yields approximately 40 lbs. of cannabis flower and 40 lbs. of cannabis leaves and small flowers ("Trim") per month. This increases to an estimated 640 lb of cannabis flower and an equal amount of Trim when 320 plants are harvested in October 2015 with much improved yields. The cannabis flower is sold directly to patients through GLH's licensed dispensary or to other dispensaries through its wholesale distribution network. All of the Trim from GLH's cultivation operations is used for oil extraction.

Over the next year, GPO intends to expand its breeding, cloning and commercial production operations in its 96 acre property. Management expects that the expansion of GPO's cultivation facilities will result in increased sales of cannabis flower while also increasing the amount of Trim it can supply itself for its oil extraction business. Management believes that after the new cultivation facility is fully operational, GPO should be self-reliant on the supply of its own Trim and will no longer need to purchase Trim from third-parties for its oil extraction business. *See "Production & Sales – Oil Extraction", below*.

The objective of the GPO grow operations is to continue to develop proprietary expertise in the area of cannabis cultivation, to supply the GPO processing facility with Trim and to provide a revenue stream through the sale of cannabis flowers through the Oregon's licensed medical dispensary system.

Production & Sales - Oil Extraction

Cannabis oil is extracted from cannabis Trim, which is comprised of the leaves and stems of the cannabis plant as well as cannabis flower that would otherwise be unusable. While GLH uses the Trim from its own cultivation operations for oil extraction, GLH must also purchase additional Trim as the size of its current cultivation operation is not yet large enough to supply all of the Trim required for its oil extraction business.

Management believes that there is a growing trend amongst its patients towards the use of cannabis oil over the flower. Cannabis oil can be vaporized and patients can inhale the vapours or oil can be used in edibles and ingested. This may provide a healthier and safer option to patients over smoking the flower.

Unlike GLH, most cannabis growers are solely focussed on the cultivation and sale of the cannabis flower which has various applications for patients in its raw form. Trim is generally unusable by patients in its raw form. For growers in Oregon that are focussed only on the sale of the cannabis flower, Trim is a waste product. Most of the Trim used in GLH's oil extraction business is acquired from other Oregon cannabis growers that would otherwise dispose of its Trim as waste. However, Oregon state law prohibits a grower from acquiring Trim directly from other growers. Rather, growers are required to sell their Trim only to a licensed dispensary and the employees of GPO who have been designated as growers are only permitted to purchase Trim from a licensed dispensary on behalf of GPO. GLH acquires and warehouses Trim for its oil extraction business through its licensed dispensary owned by its wholly owned subsidiary, Left Coast Connections, Inc. Employees of GPO who are designated growers acquire the Trim on behalf of GPO from GLH's wholly owned licensed dispensary.

The trimming process involves removing small leaves away from the flower or bud. Both the flowers and the trimmings are weighed and tracked in the GPO inventory tracking system. The Trim is then transferred to the GPO processing facility and the flowers are transferred to medical dispensaries for sale directly to patients.

The desirable cannabinoids that are found in marijuana plants are mostly concentrated in the mature cannabis flowers, but they are also found in the leaves and stems. By using extraction methods on these 'leftover' parts, GPO is able to produce cannabis oils, hash and edibles, etc. (all the while controlling the flavours and potency of these medicines).

Until such time as GPO becomes self-reliant on its own Trim, GPO must purchase Trim from third parties. GPO has introduced a policy for Trim buying. The price GPO pays for Trim varies based on various factors, including the quality and the amount of cannabis oil GPO extracts from the Trim. Regardless of the fact that Trim has very little utility in its raw form to end-user patients, Trim is nonetheless still considered to be "usable marijuana" under Oregon State law.

Currently, GPO uses two separate extraction methods for extracting cannabis oil; carbon dioxide extraction and hydro-carbon extraction.

Carbon Dioxide Extraction

When high pressure is applied to CO_2, it becomes a liquid that is capable of working as a solvent, stripping away cannabinoids and essential oils from plant material. CO_2 extraction involves warming carbon dioxide and then pumping it across plant material through the extractor at a precise pressure. The carbon dioxide in this condition is condensed to a liquid which strips the cannabinoids and oils from the plant material. With release of the pressure, the carbon dioxide escapes in its natural gaseous form, leaving the pure essential oil behind. The advantage of using CO_2 to extract the cannabis oil is that there are no solvent residues left behind, and the resulting product is pure. Key variables in determining the levels of tetrahydrocannabinol ("THC") and cannabidol ("CBD") are timing, pressure and temperature.

At GLH the CO_2 process starts the same as all extractions with the selection of Trim. The CO_2 extraction process does not require the highest quality of Trim to achieve a desirable product. Because CO_2 is not such a harsh solvent and will not extract as many non-desirable properties from plant material. CO_2 extracted products are winterized to remove any remaining non-desirable properties such as chlorophyll, lipids, waxes and fats from the plant.

The dry plant material should contain minimal moisture to be free of sticking stems and leafs or any other product other than sugar leaf or flowers. At this point the product is referred to as sugar Trim and is now ready to be tested for mold, mildew, potency and pesticides. The sugar Trim is pulverized to a uniform and consistent grain with no identifiable piece of the plant.

The product has to settle and is divided into 12 pound batches. Twelve pounds is the maximum 24 hour throughput of the 20 liter hi flow machine. Following this, the materials column of the extractor is loaded with the 12 pounds in an evenly dense distribution. Once the column is filled it is sealed and heated to 120°F at 1,700-2,000 psi and extracted at a rate of 20 liters every 100 minutes during 24 hours.

After the product has been extracted it is removed from the separator. At this point the product has been converted from sugar trim into base oil or dabble oil. The oil is now tested for potency and pesticides. Once the water has been removed, the product is entered onto a hot plate or a rotary evaporator to remove the remaining water at a temperature below 110°F.

After the product has been tested for moisture it moves into the winterization process where the product is blended with organic grape seed alcohol at 100°F for 120 minutes. Thereafter the product is frozen at -100°F for 24 to 48 hours. The product is then heated to 100°F and gently poured into a 2,000 milliliter vacuum assisted Büchner funnel to filter out the lipid, waxes and fats that are captured during winterization.

Winterization uses alcohol (preferably pure organic ethyl alcohol) as a solvent to strip cannabis oil of its lipids, waxes and fats from trichrome and essential oils. After washing the concentrate, the remaining alcohol is evaporated off, leaving behind a golden cannabis oil. Further processing via heat, agitation, or vacuum pressure will aid in removing any residual alcohol from the oil, which is essential prior to smoking, as well as result in different textures (shatter, budder, or oil).

Once the filtering is completed, extra alcohol is run through the funnel to ensure that only pure white wax is left in the filter. After this the concentrate and alcohol solution are discharged and separated. The recovery process occurs at -29 inches of mercury and approximately 80°F for a period of 6 to 8 hours. The alcohol is recovered using a 22 liter distiller, a common condenser and a 10 liter recovery flask.

After the alcohol has been removed the product is entered onto a hotplate for standard de-gassing and removal of any alcohol that may have been left.

This leaves a winterized product that is ready to be used in disposable pens, cartridges and other delivery systems. The product that was a basic dab oil is now converted into a winterized oil. At this point this product is tested for potency, pesticides and residual solvents by an independent third party lab licensed by the State. Once tested, stickers are added to the packaging and the product is ready for distribution.

Currently, GPO has five CO_2 extraction machines operating at full capacity seven days a week. A CO_2 extraction machine operated by GLH has capacity to process approximately 12 pounds of Trim per day for conversion into cannabis oil. Currently 10 pounds of Trim per day are loaded into each machine and the yield is approximately 10% of the weight of the Trim that is input. A CO_2 extraction machine has the capacity to produce approximately 450 grams of CO_2 based cannabis oil per day. With five machines in operation GPO's production output is approximately 2,250 grams of cannabis oil per day. Management believes that there is sufficient demand for GPO's oil products to operate six more machines. Provided that GPO can source additional Trim, management believes that the addition of six more CO_2 extraction machines will allow GPO to increase its output of cannabis oil by 450 grams per day per machine**.** Once all eleven machines are operational before the end of 2015, management believes GPO will have the capacity to produce approximately 4,950 grams of cannabis oil per day.

Hydrocarbon Extraction

Hydrocarbon or Hydro-carbon/Propane extraction uses non-polar hydrocarbon as a solvent. Hydro-carbon is especially well-suited for stripping cannabis buds or Trim of their cannabinoids, tarpins, and other essential oils while leaving behind the majority of unwanted chlorophyll and plant waxes. The solvent washes over the plant material and is then purged off from the resulting solution using a variety of techniques and variables such as heat, vacuum and agitation. These post-extraction processes also determine what the final texture of the product is, whether it be budder, shatter, or a more traditional sticky cannabis oil. Routinely testing at over 60% tetrahydrocannabinol ("THC"), Hydro-carbon is the most popular choice for "dabbing", when properly-made, hydro-carbon extracted cannabis oil offers a very potent, direct, and flavourful method of ingesting cannabis.

The Hydro-carbon process, unlike the CO_2 process requires much higher quality Trim due to the harsh solvent factor involved with Hydro-carbon/Propane. Low quality Trim results in a poor quality finished product.

GLH uses two hydrocarbon extractors. The sub-zero 5 pounds single pass extraction machine and a Precisions Extractions XPS1 recalculating extractor. Both machines share a similar preparation. After the plant material is entered into the materials tube, the material are frozen for two hours at -110°F. The subzero extraction tube outside jacket is packed with dry ice and mixed with alcohol for approximately 30-60 minutes. This process is not required on the XPS1 because a cryogenic chiller cools the system. The lipids, waxes and fats are frozen through this process with no need for additional winterization.

Subsequently the tube is filled with Hydro-carbon and Propane and the gas extracts the desirable components of the cannabis, a process which takes 30 to 60 minutes. The oil produced through hydro-carbon extraction is known as hydro-carbon or "Hydro-carbon Oil". After obtaining hydro-carbon through this method, the oil will be vacuum purged in a vacuum chamber to separate the cannabis oil from any remaining hydro-carbon gas. The vacuum oven is heated to release the Hydro-carbon and Propane, leaving behind only the extract. This "purging" process, depending on duration of exposure to vacuum and heat, and will give the hydro-carbon characteristic textures, such as wax, crumble, shatter and butter.

This extract is vacuumed for 3 to 5 days until the product is tested and confirmed as hydro-carbon free. Once the product is free of hydro-carbon it is packaged and distributed.

GPO operates two hydro-carbon extraction machines for the processing and production of hydro-carbon extracted cannabis oil. The input capacity of the two machines is 15 pounds of Trim per day per machine which yields approximately 1.5 pounds or 680 grams of hydro-carbon extracted cannabis oil per day. Currently the two hydro-carbon machines operate four runs per day and produce approximately 900 grams of hydro-carbon oil per day.

Production & Sales - Research and Development

Management believes that research and development is a key factor that will position GLH as a leader in the cannabis industry. In January 2015, GLH commenced R&D operations through its wholly owned Israeli subsidiary, Green Point Science Ltd. GLH's R&D program is operated under the leadership of Dr. Moshe Bar, a former member of the global vegetable R&D leadership team at Syngenta, the Swiss based global seed company.

GLH's R&D key strategic objectives are:

(a) To develop new innovative product lines, based on a holistic breeding approach and an integrated technology;

(b) To focus on key market/segment: breeding by design (strains targeting specific illnesses, target THC and CBD levels); and

(c) To create an IP portfolio around variety, trait (research) and crop modeling (Agronomy)

GLH's R&D is based on three pillars:

(a) Breeding: Genetic factors are the main attribute which controls the plant's cannabinoid profile. This creates opportunities for breeding by design. Breeding by design is breeding to achieve specific chemical genotypes, accomplished by:

i. Using state of the art breeding tools to speed up the breeding process and thus shorten time to market;

ii. Striving for crop uniformity with higher potential yields;

iii. Building a portfolio that supports a product profile and specific market needs. focusing on the ratio between CBD and THC;

iv. Developing new varieties with heterosis effect and different profile between THC and CBD;

v. Breeding pure female lines; and

vi. Developing new varieties from clones and seeds using propagation methods and secure IP for breeding methodology and germ plasmas.

(b) Agronomy: The goal is to secure the quality and quantity of commercial cultivation in a sustainable way in order to maximize profitability by:

i. Moving from warehouse growing to greenhouse cultivation;

ii. Designing an efficient grow facility equipped with the latest growing technologies and techniques;

iii. Using biological products/crop program to control disease and pest; and

iv. Reducing the input for each gram of product (electric energy, temperature control, disease and pest control).

(c) Quality control: The goal is to secure the quality of products year round coming from a cross growing area/cycle. Quality consistency is assured by active ingredient content and the ratio between THC and CBD, as well as a range of other ingredients by:

i. Developing homogeneous genetic materials;

ii. Implementing a protocol; from growing through harvesting to storage and product manufacturing; and

iii. Strictly adhering to GLH's Standard Operating Procedures (SOP).

Products & Services – Products

GLH produces and distributes two main types of products; cannabis flower and cannabis oils. All of GLH's products are independently lab tested and certified before being packaged and labelled with detailed information about the levels of THC and CBD contained in each product.

THC is the main cannabinoid found in the cannabis plant and is responsible for the majority of the plant's psychoactive properties. Studies have shown that THC has many medical benefits, including analgesic properties and its tendency to increase appetite. CBD is gaining popularity as the primary therapeutic cannabinoid for a variety of diseases, such as autism, epilepsy and other nerve-related conditions. Cannabidol is generally the second-most common cannabinoid found in cannabis, after THC. CBD is becoming highly sought after for medical purposes, despite the cannabinoid being nearly bred out of modern cannabis in the hunt for the higher THC strains. Now that studies have demonstrated the medical importance of CBD in certain circumstances, many cannabis cultivators and strain breeders now pride themselves on their high CBD-to-THC ratios.

Cannabis used in making medicinal cannabis oils and edibles requires decarboxylation. THCA (tetrahydrocannabinol acid) is the biosynthetic precursor of THC. It is found abundantly in growing and harvested cannabis. Contrast this with the notion that very little to none of the THC cannabinoid is found in growing or harvested plants. Research has shown THCA to have some neurone-protective and anti-inflammatory effects but it does not produce the psychoactive effect that makes you feel "high" like THC does.

Decarboxylation occurs when carboxylic acids lose a carbon atom from a carbon chain effectively releasing carbon dioxide (CO_2), thus converting THCA to THC. This happens naturally (but very, very slowly) during the drying process; it could take years to complete converting THCA to THC this way. Fortunately, a heat source or flame causes the decarboxylation to happen rapidly, which explains why smoking it exposes the converted THC.

Nearly all modern cannabis strains are hybridized in some form or another; the energetic, sativa and the relaxing, sedative indica sides of the cannabis spectrum or the in-between options. Most dispensaries will organize their shelf in terms of indica, hybrid, and sativa to help patients understand how a given variety will affect them.

GLH's CO_2 oil products are sold under the brand name Golden XTRX™ through a number of delivery systems; e-pens, cartridges and dabs.

Rather than combusting the cannabis product (whether it be flowers, hash, or oil), a vaporizer heats it just enough so that the cannabinoids activate, vaporize, and can then be inhaled. This method is preferable for those with breathing conditions, or those who simply do not want to actually smoke anything but still require the direct and immediate relief that inhalation provides compared to edible consumption. A popular variation on the vaporizer that has taken the cannabis (and nicotine) market by storm is the pen vaporizer, also known as an "e-vape.

The vape-pen is a small, portable vaporizer that uses either pre-filled concentrate cartridges or has a chamber to load your own concentrates or flower.

Dabbing refers to dropping concentrates onto a hot surface (nail, skillet, etc.) and inhaling the resulting vapor via a "rig," which is usually made of glass and sends the vapor through water.

Hydro-carbon is sold under the name Proper. They are sold in one gram cartridges as crumble and shatter. Hydro-carbon is also sold in bulk in slab format.

BHO generally comes in two forms, shatter and wax (or crumble). Shatter is a texture of hash oil and refers to the transparent, shelf-stable oil which breaks into pieces rather than bending. The most popular choices of hydro-carbon concentrates on the market are either shatter or wax, which are on opposite ends of the spectrum when it comes to texture. Shatter tends to have a consistency ranging from sticky sap to a very stable, hard resin at room temperature and can have an appearance anywhere from a dark brown to nearly translucent. Wax on the other hand, tends to be completely dry and crumbly and is sometimes referred to as "honeycomb" because of its resemblance.

Products & Services - Sales, Marketing and Distribution

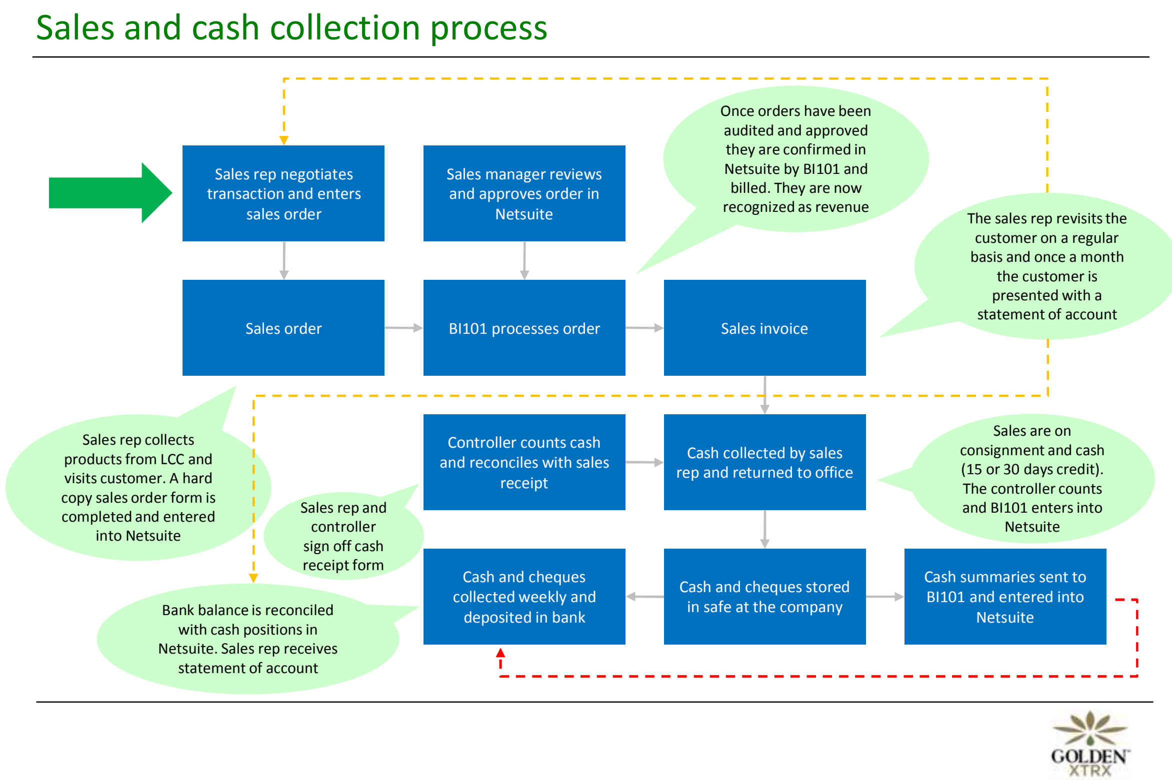
Dispensary Sales

GLH owns a fully licensed dispensary under Oregon law through its wholly owned subsidiary, Left Coast Connections, Inc. ("**LCC**"). LCC is fully licensed to sell a wide range of cannabis products directly to registered patients. LCC sells the cannabis flower and cannabis oil produced by GPO along with third party cultivators and producers. LLC opened and became fully operational on April 7, 2015. The dispensary is only permitted to sell to patients (or their caregivers) that are registered under the Oregon Medical Marijuana Program and who hold proof of their registered status. However, on October 1, 2015 recreational sales of flower will be permitted in the medical dispensaries on a temporary basis through December 31, 2016 while the full roll out of the recreational program is implemented. Quantities will be limited to a quarter ounce per day per customer. Cannabis oil will not be available for recreational purchase, but management believes that recreational sales of oil will commence in 2016.

Wholesale Sales to Other Dispensaries

GPO employs nine sales representatives who sell GPO's cannabis products to third party dispensaries. They sell useable marijuana in the form of flower or cannabis oil products. GPO's current sales and marketing efforts is and has been focused on immediate opportunities in the medicinal market. Management intends to expand its sales and marketing efforts as recreational use becomes legalized in Oregon.

GPO sells its products both on credit terms and for cash on delivery to 200 dispensaries in the state of Oregon. GPO has stringent policies and processes in place to ensure that all cash from product sales in properly accounted for and that cash collections from consignment sales are being are monitored at all times. The chart below illustrates the sales, collections and cash management processes.



The primary sales and marketing goals for the medicinal market in Oregon is to increase awareness of GPO's product line and product offering, turning initial trials of GPO's products into repeat purchases, introducing new products based on internal market research of patient wants and needs, advertising and consumer promotions. Management's strategy to increase sales growth and market share gains in the Oregon medicinal market include:

(a) Achieving distribution of all product lines in every dispensary in the State of Oregon;

(b) New product development through R&D efforts and introduction of new products;

(c) Advertising in print, radio, celebrity endorsements, and social media;

(d) Building business to business relationships to supply other manufacturers of other cannabis products with oils and concentrates produced by GPO, and

(e) Leveraging Left Coast Connections 'retail sales directly to patients to understand emerging trends and consumer preferences.

Market – Oregon

As at July 1, 2015, there were 71,094 registered patients and 35,400 caregivers registered under the Oregon Medical Marijuana Program ("**OMMP**"). Only those patients that are registered under the OMMP may legally possess and consume cannabis in the State of Oregon and only patients (or caregivers on their behalf) may purchase cannabis within the limits prescribed by law. There are 1,698 Oregon-licensed physicians with current OMMP patients. As at June 12, 2015 there are 130 licensed dispensaries in the State of Oregon permitted to sell cannabis products to registered patients or their caregivers. According to market research, registered medicinal marijuana patients use on average the equivalent of 17 grams of cannabis flower per month, which is more than recreational users consume according to a publication by Dr. Seth Crawford in the Humboldt Journal of Social Relations. One study estimates that recreational cannabis users buy approximately 6.75 ounces of cannabis flower per year, while registered patients buy 14 ounces per year. At a price of US$145 per ounce, management estimates that the medical marijuana market in Oregon has current annual revenues of US$145 million.

On Tuesday, November 4, 2014, Oregon voters passed "Measure 91", known as the "*Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act*", requiring the Oregon state government to promulgate rules by July 1, 2015 for the legal recreational possession, use, and cultivation of marijuana by adults 21 and older. Under the new state laws to be introduced allowing recreational use of cannabis, adults 21 years and older will be allowed to possess up to eight ounces of marijuana and grow up to four marijuana plants. Purchases from licensed dispensaries will be limited for recreational users to a quarter ounce per visit.

Oregon State Regulation

The Oregon Medical Marijuana Program ("OMMP") is a state registry program within the Public Health Division, Oregon Health Authority ("OHA"). The role of the OHA is to administer the Oregon Medical Marijuana Act.

The OMMP allows individuals with a medical history of one or more qualifying illnesses and a doctor's written statement to apply for registration with the OMMP. Qualified applicants are issued a medical marijuana card and are known as "Patients", which entitles them to legally possess and cultivate cannabis, subject to certain limitations. A Patient registered under the OMMP is allowed to possess up to 1.5 pounds of useable marijuana. In addition, registered Patients under the OMMP may also legally grow up to 6 immature cannabis plants (i.e., plants that are not flowering) and 18 mature cannabis plants (plants that are not immature plants). Patients are also permitted to designate another person as a "caregiver" ("Caregiver") and another person as a "grower" ("Grower") on their behalf. Caregivers are individuals (other than a patient's attending physician) who are at least 18 years old and are responsible for managing the well-being of a Patient. Patients are limited to a single Caregiver who must be formally designated by the patient on the Patient's application for a registry identification card or other written notification to the OMMP. The Caregiver is issued a registry identification card allowing them to transport cannabis for the patient within the allowable limits, as long as the Caregiver is in possession of their registry identification card. Growers are persons who have been formally designated by a Patient to grow their medical marijuana. Although each Patient can only have one designated Grower, a person may be designated as a Grower for up to four Patients. A Grower must provide all marijuana produced for a Patient or Caregiver to the Patient at the time the Grower ceases producing marijuana for the Patient or Caregiver. Patients or their Caregivers may reimburse the Grower for the costs of supplies and utilities associated with the production of the marijuana; however no other costs, including labour, are reimbursable to the Grower. Patients, their Caregivers and Growers may also legally deliver marijuana to each other, and to other third-party Patients, if the delivery is made without consideration (i.e., a "donation"). The privileges which normally protect Patients, Caregivers, and Growers from citation, arrest, and penalty do not excuse possession, manufacture, or delivery in cases where they are simultaneously guilty of certain offenses listed in ORS 475.316, such as driving under the influence of marijuana or using marijuana in public.

On November 4, 2014, Oregon v oters passed "Measure 91", known as the "Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act", effectively ending the state's prohibition of recreational marijuana and taking recreational marijuana sales off the criminal market and legalizing the possession, use, and cultivation of marijuana within legal limits by adults 21 years and older. The Act did not amend or effect the Oregon Medical Marijuana Act and the OMMP. The Act empowered the Oregon Liquor Control Commission with regulating sales of recreational marijuana. However, during the 2015 Oregon legislative session amendments were made to both the medical and recreational programs.

Effective July 1, 2015, possession and home cultivation by adults at least 21 years old is allowed within legal limits. The Act permits adults at least age 21 to possess up to eight ounces of marijuana and grow no more than four marijuana plants in their households. Those amounts are total limits for the household, regardless of the number of adults at least 21 who live there. Each adult can possess up to an ounce in public. Individuals at least 21 may also gift, but not sell, up to an ounce of dried marijuana, 16 ounces of marijuana products in solid form, or 72 ounces of marijuana products in liquid form to other adults. The purchase limit from licensed facilities will be one ounce, or the amount set by the liquor commission, whichever is lower. During the period between October 1 and the date in which the recreational program is fully implemented, expected to be during the second half of 2016**,** recreational sales in medical dispensaries will be limited to a quarter ounce of flower or four immature plants per customer per day. Oil is not permitted to be sold recreational, but management believes that recreational sales of oil will commence sometime in 2016.

As soon as possible, GLH intends to apply for licenses to do business in the recreational marijuana market. Four types of marijuana businesses will be allowed and regulated by the Oregon Liquor Control Commission. "Marijuana producers" will cultivate marijuana for wholesale. "Marijuana processors" will produce marijuana extracts and products. "Marijuana wholesalers" may purchase marijuana and marijuana products to sell to marijuana retailers and other non-consumers. Lastly, "marijuana retailers" are allowed to sell marijuana and related items to individuals 21 years and older. Application fees are anticipated to be US$250, and licensing fees are US$1,000 per year. GLH is expected to apply for all four licenses.

The OLCC has the authority to decide how many licenses to allow in a specific area or location and may, refuse granting a license if there is reasonable grounds to believe there are sufficient licenses in the area or if the granting of a license is "not demanded by public interest or convenience." It is not clear how the OLCC will decide between competing applications (such as by merit or lottery). The OLCC may disqualify applicants for a number of reasons, including for lacking a good moral character, for lacking sufficient financial resources or responsibility, for relevant past convictions, and for using marijuana, alcohol, or drugs "to excess."

Once the recreational program is implemented, adults over the age of 21 may have up to eight ounces of usable marijuana and up to four marijuana plants per household instead of a quarter ounce. Marijuana plants and flower must not be visible from public property. The unlicensed production of marijuana extracts is prohibited and such extracts may only be purchase from an authorized licensed retailer. Oregon state law prohibits Marijuana from being consumed in public or while driving. The OLCC is tasked with making recommendations to the legislature about possible revisions to driving under the influence laws.

4.1(1)(d) – Use of Funds

GLH raised a total of US$13,866,082 (CAD$17,525,423) since inception through the sale of its securities over two capital raisings. The Company raised US$4,747,153 (CAD$ 5,999,153) in 2014. Proceeds from the second capital raising from February 2015 to September 30, 2015 were US$9,118,929 (CAD$11,526,270). This excludes US$2,190,000 raised from the issuance of the Debentures. The proceeds were used to fund the acquisition of capital assets, finance working capital and operational needs of GLH. As of the date of this Listing Statement, GLH had approximately US$2,200,000 of available cash.

Cash used in operations was US$(4,382,739) in the six months to June 30, 2015. The Company raised US$7,592,137 of common share capital and debt in the six months to June 30, 2015. The use of proceeds was for capital expenditure, working capital and finance of operations. Working capital requirements were US$2,393,604 in the six months to June 30, 2015. Fixed assets purchases including deposits for property, plant and equipment were US$1,122,176 in the six months to June 30, 2015 predominantly for extraction machines and ancillary equipment.

As at June 30th, 2015 the company had cash of US$2,687,300. Proceeds from capital raising since the end of June to the date of this listing statement were approximately US$2 million.

Current income from operations is not yet high enough to finance capital expenditures and working capital. The total budget for capital expenditures in 2015 is US$9.6 million excluding acquisitions. The following table sets out the intended use of funds and the amounts allocated for each principal purpose.

Funds Allocated	**Principal Purpose**
US$205,000	Acquisition of one CO_2 extraction machine plus ancillary equipment in Q1, 2015
US$63,724	Acquisition of an additional Hydro-Carbon extraction machine plus ovens in Q1, 2015
US$121,000	Refurbishment dispensary in Q1, 2015

US$145,000	Build-out and development of new cultivation facility in Q2, 2015
US$200,000	Payment for two MRX extraction machines, deposit for six more and payment for six roto-evaps in Q2, 2015
US$1,260,000	Payments for six MRX extraction machines, deposits for 17 roto-evaps in Q3, 2015
US$48,000	Ancillary equipment Hydro-carbon in Q3, 2015
US$245,000	Edibles infrastructure and equipment deposit in Q3, 2015
US$4,295,000	Acquisition of Aurora nursery, refurbishment buildings 35 and 36 in Q3, 2015. Asset purchase Aurora with convertible and debt financing
US$25,000	Cooling dispensary in Q3, 2015
US$1,964,5000	Balance 17 roto-evaps, refurbishment processing lab over six months, order further four MRX extractors and roto-evaps in Q4, 2015
US$200,000	Balance edibles infra-structure and equipment in Q4, 2015

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1(a) – Selected Financial Information – Longacre

The following table provides a brief summary of Longacre's financial operations for the each of the three most recently completed financial years, and the three month period ending June 30, 2015. Refer to Schedule "B" for complete copies of Longacre's audited financial statements for the years ended March 31, 2013, 2014 and 2015 and the unaudited interim financial statements for the three months ended June 30, 2015.

Selected Information

Description	Year Ended March 31, 2013 (audited)	Year Ended March 31, 2014 (audited)	Year Ended March 31, 2015 (audited)	Three Months Ended June 30, 2015 (unaudited)
Revenue	$nil	$nil	$nil	$nil
Net income (loss)	($108,307)	($31,026)	($47,529)	($17,863)
Net loss per share (basic and diluted)	($0.04)	($0.01)	($0.02)	($0.02)
Total Assets	$144,059	$108,559	$1,301	$1,277

5.1(b) – Selected Financial Information – GLH

The following table provides a brief summary of GLH's financial operations for each of the periods from incorporation on April 8, 2014 to December 31, 2014 and the six month period ended June 30, 2015. See Schedule "B" for a complete set of GLH's audited financial statements for the period from incorporation on April 8, 2014 to December 31, 2014 and unaudited financial statements for the three month period ended March 31, 2015 and the six month period ended June 30, 2015.

GLH generated revenues of US$1,310,155 in the December 31, 2014 fiscal period. The majority of revenues came from the sale of cannabis oil products.

The net loss was US$(3,202,053) in the December 31, 2014 fiscal period. The bulk of operating expenses occurred in the first half of 2014 when the operational and legal infrastructure were put in place. Included in expenses in 2014 was an inventory write-down of US$141,280.

During the December 31, 2014 fiscal period, GLH operated one CO_2 extraction machine, which enabled GLH to produce revenues of up to approximately US$300,000 per month. The first Hydro-Carbon extraction machine came into operation in February of 2015, followed by a second CO_2 machine in March of 2015. In April 2015, a second Hydro-carbon machine came into operation and in May 2015 a third CO2 extraction machine came into operation. This enabled the GLH to increase output in an effort to accelerate the growth of revenues.

Gross revenues for the six months period ended June 30, 2015 were US$4,883,852 and the net loss was US$(12,648,232) which includes non-cash items of US$(8,664,362) related to expensing of warrants and options. There was sequential growth in revenues in each month during the six months to June 30, 2015.

Description	**Period from Incorporation April 8, 2014 to December 31, 2014** *in US$* (audited)	**Six Months Ended June 30, 2015** *in US$* (unaudited)
Revenue	$1,310,155	$4,883,852
Net income (loss)	($3,202,053)	($12,648,232)
Net loss per share (basic and diluted)	($0.14)/($0.14)	($0.24)/($0.24)
Total Assets	$2,857,018	$9,278,988

5.3 – Dividends

The Issuer has not paid dividends in the past and it has no present intention of paying dividends. Future dividends, if any, will be determined by the directors on this basis of earnings, financial requirements and other conditions existing at the time.

5.4 – Foreign GAAP

The financial statements of the Issuer and GLH are both prepared in accordance with IFRS.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Longacre's annual MD&A for the most recent three fiscal years ended March 31 and Longacre's interim MD&A for the three month period ended June 30, 2015 are attached to this Listing Statement as Schedule "D". The MD&A for GLH for the period from incorporation on April 8, 2014 to December 31, 2014 and GLH's interim MD&A for the three-month period ending March 31, 2015 and the three month period ended June 30,2015 are attached to this Listing Statement as Schedule "C".

7. MARKET FOR SECURITIES

7.1 – Listings

Prior to the Issuer Shares being listed on the CSE, none of the Issuer's securities or GLH's securities were listed or posted for trading on any stock exchange or quotation system. The Issuer has applied to list the Issuer Shares on the CSE. The CSE has conditionally approved the listing of the Issuer Shares. Listing is subject to the Issuer fulfilling all of the requirements of the CSE.

8. CONSOLIDATED CAPITALIZATION

8.1(a) – Consolidated Capitalization – Issuer

The following table sets forth the capitalization of the Issuer as of the date hereof.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of October 7, 2015[(1)]
Common Shares	Unlimited	61,223,736
Stock Options	6,122,373	5,595,000
Warrants	32,989,115	32,989,115
Secured Convertible Debentures	US$2,190,000	US$2,190,000

1. This figure represents the total issued and outstanding Issuer Shares as at the date of this Listing Statement on a non-diluted basis after giving effect to the Transaction.
2. Convertible Debentures were issued in March, 2015, the principal of which is accruing interest at 8% per annum and, subject to adjustments, the outstanding principal is convertible into 500,000 Issuer Shares at a conversion price of US$1.00 per share.
3. Convertible Debentures were issued in September, 2015, the principal of which is accruing interest at 12% per annum and, subject to adjustments, the outstanding principal is convertible into 1,690,000 Issuer Shares at a conversion price of US$1.00 per share.

9. OPTIONS TO PURCHASE SECURITIES

9.1 – Stock Option Plan – Issuer

Treatment of Options and Warrants under the Transaction

On Closing of the Transaction:

(i) the 5,595,000 GLH Options outstanding immediately prior to Closing, were exchanged for an equivalent number of Issuer Options which are subject to the Issuer's stock option plan (the "**Plan**"); and

(ii) the 32,989,115 GLH Warrants, in accordance with their terms, became exercisable for Issuer Shares on the exact same terms.

Stock options granted pursuant to the Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine are necessary to achieve the goal of the Plan and in accordance with regulatory policies. The option exercise price will not be less than the fair market value of each Issuer Share issuable on the exercise of such option.

The Plan limits the granting of options and shares pursuant to options as follows:

(a) the aggregate number of Issuer Shares reserved for issuance under the Plan may not exceed 10% of the issued and outstanding Issuer Shares from time to time;

(b) the aggregate number of Issuer Shares reserved for issuance to any Related Person (as such term is defined in Section 2.2 of National Instrument 45-106 of the Canadian Securities Administrators) shall not exceed 5% of the issued and outstanding Issuer Shares from time to time;

(c) the aggregate number of Issuer Shares issued within any 12 month period to Related Persons shall not exceed 10% of the issued and outstanding Issuer Shares from time to time; and

(d) the aggregate number of Issuer Shares issued within any 12 month period to a Related Person and associates of such Related Person shall not exceed 5% of the issued and outstanding Issuer Shares from time to time.

Unless otherwise determined by the Board or specified in the relevant option agreement, options will vest immediately.

As of the date of this Listing Statement, there are 5,595,000 options outstanding under the Plan. The Issuer anticipates granting additional options under the Plan during the 2015 fiscal year.

Should a participant in the Plan cease to be eligible for such participation, any unvested portion of any options granted to the participant will be immediately forfeited. The participant's vested options will terminate on the earlier of the date of the options' expiry pursuant to the Plan and the date which is 90 days after the participant ceasing to be eligible for participation in the Plan (in the case of termination of employment by the Issuer without cause, the failure of a director of the Issuer standing for election to be re-elected or the failure by the Issuer to renew a contract for services at the end of its term). The Plan also provides that estates of deceased participants and participants who retire or become disabled can exercise their options for a period not exceeding one year following death.

The Board of the Issuer may from time to time make rules, regulations and amendments to the Plan.

As at the date of this Listing Statement, the table immediately following describes the issued and outstanding options to purchase securities or other convertible securities or rights to acquire securities of the Issuer.

Category of Option holder	Designation and Number of Securities under Option	Purchase Price of Securities under Option	Other Particulars
(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group	200,000 Options(1) 400,000 Options(1)	CAD$0.20 US$1.00	Vesting over three years
	1,500,000 Warrants(2) 1,000,000 Warrants(1) 742,367 Warrants(1) 1,500,000 Warrants(1 4,600,000 Warrants(1)	CAD$0.025 CAD$0.20 CAD$0.50 US$0.50 US$1.00	Vesting over three years
(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, excluding individuals referred to in (a) above	450,000 Options(1) 1,850,000 Options(1)	CAD$0.20 US$1.00	Vesting over three years
	853,000 Warrants(2) 2,250,000 Warrants(2) 312,500 Warrants(2) 700,000 Warrants(2	CAD$0.025 CAD$0.20 CAD$0.50 US$1.00	Vesting over three years
(c) all other employees and past employees of the Issuer as a group	N/A	N/A	N/A
(d) all other employees and past employees of subsidiaries of the Issuer as a group	1,825,000 Options (1) 770,000 Options (1)	CAD$0.20 US$1.00	Vesting over three years
	26,000 Warrants(2)	US$1.00	Three year exercise
(e) all consultants of the Issuer as a group	N/A	NA	NA
	2,897,625 Warrants(2) 672,400 Warrants(2) 2,092,840 Warrants(2) 200,000 Warrants(2) 100,000 Options(2)	CAD$0.20 CAD$0.50 US$1.00 US$5.00 US$1.00	Three year exercise

(1) These Issuer Options were granted pursuant to the terms of the Merger Agreement in exchange for [previously issued GLH Options.

(2) These are GLH Warrants that, in accordance with their terms, are automatically exercisable for Issuer Shares following the completion of the Transaction on identical terms *mutatis mutandi*. in accordance with their terms.

10. DESCRIPTION OF THE SECURITIES

10.1 – Description of the Issuer's Securities

The Issuer is authorized to issue an unlimited number of common shares. All of the common shares of the Issuer are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No common shares of the Issuer have been issued subject to call or assessment.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

As at the date of this Listing Statement and after giving effect to the Transaction, there are a total of 61,223,736 Issuer Shares outstanding.

10.2 – 10.6 – Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE - Form 2A are applicable to the Issuer Shares.

10.7(a) – Prior Sales of Issuer Shares

In 12 months preceding the date of this Listing Statement, the Issuer did not sell or distribute any securities other than as disclosed in Item 3.1(a) above and pursuant to closing of the Transaction. On closing of the Transaction, the Issuer issued 61,223,736 Issuer Shares (at the deemed price of US$1.00 per share) to acquire the outstanding GLH Shares, issued 5,595,000 Issuer Options to replace the GLH Options (all exercisable at US$1.00 per share), and acknowledged that holders of GLH Warrants have the right to receive Issuer Shares upon conversion of such warrants.

10.7(b) – Prior Sales of GLH Shares

Prior to Closing of the Transaction, there were 61,223,736 GLH Shares issued and outstanding, all of which were issued since incorporation as follows:

Date of Issue	Description	Number of GLH Shares Sold	Price Per Share (CAD$)	Details of Consideration
April 8, 2014	Common Shares	4,134,333	$0.02	Services rendered prior to incorporation
April 8, 2014	Common Shares	2,997,000	$0.02	Services rendered prior to incorporation
April 8, 2014	Common Shares	4,134,333	$0.02	Services rendered prior to incorporation
April 8, 2014	Common Shares	2,997,000[1]	$0.02	Services rendered prior to incorporation
April 8, 2014	Common Shares	4,134,333[2]	$0.02	Services rendered prior to incorporation
May 12, 2014	Common Shares	3,850,000	$0.02	Consideration for asset purchase

Date of Issue	Description	Number of GLH Shares Sold	Price Per Share (CAD$)	Details of Consideration
May 12, 2014	Common Shares	900,000	$0.02	Issued as a finder's fee.
May 13, 2014	Common Shares	1,600,000	$0.025	Cash consideration
May 13, 2014	Common Shares	800,000	$0.025	Cash consideration
June 13, 2014	Common Shares	1,457,500	$0.20	Cash consideration
July 17, 2014	Common Shares	1,655,000	$0.20	Cash consideration
July 28, 2014	Common Shares	375,000	$0.20	Cash consideration
July 31, 2014	Common Shares	250,000	$0.20	Cash consideration
August 12, 2014	Common Shares	275,000	$0.20	Cash consideration
August 18, 2014	Common Shares	200,000	$0.20	Cash consideration
August 20, 2014	Common Shares	4,202,500	$0.20	Cash consideration
September 2, 2014	Common Shares	2,000,000	$0.025	Cash consideration
September 2, 2014	Common Shares	885,000	$0.20	Cash consideration
September 3, 2014	Common Shares	825,000	$0.20	Cash consideration
September 8, 2014	Common Shares	3,757,500	$0.20	Cash consideration
September 23, 2014	Common Shares	4,877,500	$0.20	Cash consideration
October 16, 2014	Common Shares	1,000,000	$0.02	Warrant Exercise
October 31, 2014	Common Shares	1,394,500	$0.20	Cash consideration
November 10, 2014	Common Shares	7,280,000	$0.20	Cash consideration
November 20, 2014	Common Shares	200,000	$0.20	For services rendered
November 28, 2014	Common Shares	10,000	$0.20	Cash Consideration
February 20, 2015	Common Shares	221,000	US$1.00	Cash consideration
March 31, 2015	Common Shares	200,000	US$1.00	Consideration for asset purchase
May 14, 2015	Common Shares	3,105,000	US$1.00	Cash consideration
June 11, 2015	Common Shares	3,793,500	US$1.00	Cash consideration
June 21, 2015	Common Shares	213,920	US$1.00	For services rendered
October 1, 2015	Common Shares	222,220	US$1.00	Signing Bonus to CEO
October 1, 2015	Common Shares	200,000	US$1.00	For services rendered
October 1, 2015	Common Shares	1,047,000	US$1.00	Cash Consideration
October 6, 2015	Common Shares	1,047,000	US$1.00	Cash consideration
October 6, 2015	Common Shares	500,000	US$1.00	For services rendered

Notes:

1. All of these common shares were subsequently cancelled for alleged misrepresentations made by the former holder. See Item 19 – Legal Proceedings.

2. 3,234,333 of these common shares were returned to treasury pursuant to a settlement agreement entered into between GLH and Patrick Ghere on July 3, 2014.

10.8 – Stock Exchange Price

None of the matters set out in sections 10.8 of CSE Form – 2A are applicable to the Issuer Shares.

11. ESCROWED SECURITIES

11.1 – Escrow of Principals' Securities

The table below sets out the number of Issuer Shares held by principals and certain other shareholders of the Issuer that are currently held in escrow:

Designation of Class Held in Escrow(1)	Number of Securities Held in Escrow(2)	Percentage of Class
Common Shares	10,518,386	17.18%
Warrants	9,342,367	N/A
Options to purchase Common Shares	800,000	N/A

The Issuer is classified as an emerging issuer pursuant to NP 46-201, and as such the securities listed above will be released from escrow in stages over a 36 month period from the date of Closing of the Transaction, with 10% having been released and an additional 15% of such escrowed shares to be released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the Closing.

12. PRINCIPAL SHAREHOLDERS

12.1 and 12.2 – Principal Shareholders

There were not any shareholders of the Issuer that own or control or exercise direction over 10% or more of the outstanding Issuer Shares. **12.3 – Voting Trusts**

To the knowledge of the Issuer, no voting trust exists with respect to any Issuer Shares.

13. DIRECTORS AND OFFICERS

13.1 – 13.3, 13.5, 13.11 – Directors and Officers

The following table sets forth the name of all current directors and officers of the Issuer, their municipalities of residence, their current positions with the Issuer, their principal occupations during the past five years and the number and percentage of Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement:

Name, Address, Occupation and Security Holdings

Name, Municipality of Residence(1), Position(s) with Issuer	Principal Occupation or Employment During the Past Five Years	Director since	Number(2) and Percentage of Issuer Shares Held (3)
Don Robinson(4) CEO, Director Portland, Oregon	President & CEO of Cara Operations Limited, CEO of GLH	October 6, 2015	1,555,220 2.54%
Brian Gentry CFO Portland, Oregon	CFO of various companies	October 6, 2015	0 0.00%
Rick Miller(5) Chairman Portland, Oregon	Co-Founder Rogue Venture Partners	October 6, 2015	1,000,000 1.63%
Andy Hartogh Director Portland, Oregon	President Greenpoint Oregon	October 6, 2015	1,925,000 3.14%
Elijah Cohl Director(4) Toronto, Ontario	Concert Promoter	October 6, 2015	175,000 0.29%
Sam Pillersdorf Director(4)(6) Toronto, Ontario	Retired Medical Doctor	October 6, 2015	1,645,500 2.69%
Philip van den Berg Director(4) Portland, Oregon	Managing Director Taler Asset Management	October 6, 2015	1,000,000 1.63%

1. The information as to municipality of residence and principal occupation, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.
2. The information as to shares beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.
3. On an issued and undiluted basis.
4. The terms of each director of the Issuer will expire at the Issuer's next annual general meeting or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Issuer's Articles and applicable.
5. Mr. Miller has three special warrants, each special warrant entitling Rick Miller to purchase one million units, each unit comprising one share in the capital of the Issuer and one half of one common share purchase warrant. Each warrant comprising part of the units entitles Mr. Miller to acquire one Issuer Share at an exercise price of $0.50 for three years.

On or after September 30, 2016, the Company has the right to require Mr. Miller to exercise the second and third special warrant if certain conditions are met.

6. 750,000 of these Issuer Shares are held by LaPrima Investments Ltd., which is a corporation controlled by Mr. Pillersdorf

As at the date of this Listing Statement, the directors and officers of the Issuer as a group beneficially own, directly or indirectly, an aggregate of 7,300,720 Issuer Shares, representing 11.92% of the issued and outstanding Issuer Shares on a non-diluted basis.

Management and Directors

The following are brief biographical descriptions of the management and directors of the Issuer's pool of Management.

Rick Miller, Chairman

In 2010 Rick Miller co-founded the private equity firm, Rogue Venture Partners, to invest in Oregon based entrepreneurs and early stage businesses with funding and mentorship. Miller also founded the Avamere Group in 1995 and currently serves as its Chairman. Avamere is a diversified family of companies headquartered in Wilsonville, Oregon. Avamere Group is one of the Northwest's largest senior care and housing providers with more than 8,000 employees, serving more than 20,000 customers daily in ten states, with annual sales in excess of $1 billion (along with affiliated companies founded by Avamere and later merged with outside organizations).

Rick serves on Portland State University's Board of Trustees, is Chair of the Audit and Finance Committee, and serves on the Executive and Administration Committee. He also serves on the boards of Portland based ID Experts and Diabetomics. Miller is the past Chairman of the American Health Care Association, the Oregon Health Care Association, and the Portland based chapter of Young Presidents' Organization (YPO).

He received a Master of Business Administration (MBA) from Portland State University in 1991 and a bachelor's degree in marketing and management from the University of Oregon in 1987. Rick was recognized in the Portland Business Journal's "Forty Under 40" in 2004, and "Oregon's Most Admired Companies" (one of the top ten companies, Health Care category) in 2010, and again in 2014. Miller was named Portland State Business School's Distinguished Graduate Alumni of the Year in 2012. In 2013, Rick and his wife, Erika, received the Simon Benson Award from Portland State University, which recognizes Oregon philanthropists.

Don Robinson, Chief Executive Officer and Director

Don Robinson has over 30 years of management and leadership experience in the consumer packaged goods and hospitability industries. He began his career in a general management and marketing role with Nabisco Brands, and then spent more than 20 years with Mars Incorporated before his role as President and CEO of Cara Operations Limited. Mr. Robinson was Executive Director of The Food & Consumer Products of Canada, and the Chairman of the Board of the Confectionery Manufacturers Association of Canada. Mr. Robinson has been a member of various academic councils, including Ted Rogers School of Management Advisory Council, University of Guelph School of Hospitability & Tourism Management Policy Advisory Board and the Queen's University School of Business Advisory Board.

Brian Gentry, Chief Financial Officer

Brian Gentry, CFO: Brian has over 25 years of progressive and comprehensive financial management experience, and an expertise in business planning and analysis. He has generally focused on the consumer goods and retail industries, where he has had significant exposure across all areas of the value chain. Brian has been CFO of several companies, and has worked for industry leaders like the Walt Disney Company and Ocean Spray Cranberries. He is a CPA, with a degree in commerce from The University of Virginia's McIntire School of Commerce and an MBA from The University of North Carolina's Kenan-Flagler Business School.

Philip van den Berg, Director

Philip graduated cum laude in economics in 1985 from the University of Amsterdam. During his 30 year career, Philip has worked on the sell-side and the buy-side as analyst, member of the investment policy committee, head of research, portfolio manager, CIO and managing director with responsibility for investments, finance, compliance and operations. Most of his experience on the sell side was with Goldman Sachs in London which he joined when its European equities division was established in 1987. In 1997 Philip moved to the buy-side as co-founder of Olympus Capital Management, one of the first European hedge funds (l/s equity). In 2006 Philip co-founded Taler Asset Management, a wealth management company based in Gibraltar.

Sam Pillersdorf, Director

Dr. Pillersdorf has been involved in various facets of business for over fifteen years, having accumulated a broad base of experience as a successful investor and entrepreneur. He has been involved in the funding and formation of start-up companies, and the funding of various companies at different stages of their growth.He has been and is currently a Director of TSX Venture Exchange listed junior resource companies, and serves on the Advisory committee of several companies in different sectors. Solomon (Sam) Pillersdorf is the President and CEO of Shadchen Resources Intermediaries Inc., which has successfully facilitated the takeover of several Canadian mining resources by foreign investors.

Dr. Pillersdorf has retired from a successful medical practice where he was the Head of the Outpatient Rheumatology Clinic and Head of Rheumatology Training at the McMaster University Medical Centre. He is President of several companies involved in commercial real estate, farming, securities investments, and start-up venture opportunities.

Elijah Cohl, Director

Elijah Cohl was born and raised in Toronto, Canada. He worked his way up the ranks in the entertainment industry and has been an integral team member for several high-profile tours including stage rigging, carpentry, video and camera operator positions with the Rolling Stones, U2, David Bowie and The Police. Eli worked as a Manager for Live Nation Artists and has since been with S2BN Entertainment. Eli manages The Treasures, who released their debut album on Universal Music Canada in April of 2013 to critical acclaim. Two Cohls was founded in 2012 when Eli moved to Toronto from Miami. Two Cohls specializes in growing and branding emerging acts, strategic partnerships and other music related ventures, with its main focus overseeing management, record label and publishing services for artists and performers.

Andy Hartogh, Director

Andy is Chief Agricultural Officer of Greenpoint Oregon, Inc. (CAO) and co-founder of GLH. Andy is expert and visionary in the area of Cannabis growing and processing. He has nine years of progressive experience in the Oregon market and is highly respected in the cannabis industry. Andy has developed proprietary growing techniques that set GLH apart in terms of quality and production. In November of 2013, Andy created a CO2 extraction company turning excess marijuana material into a usable, highly profitable product.

13.4 – Board Committees of the Issuer

The Issuer has established an audit committee consisting of Philip van den Berg (chair), Sam Pillersdorf and Elijah Cohl. The Issuer will establish the following committees of its board:

1. a compensation committee;
2. governance committee and
3. a nominating committee.

Other committees of the board of directors may be instituted as the Issuer deems necessary or advisable.

13.6 – Corporate Cease Trade Orders or Bankruptcies

No director, officer or promoter of the Issuer has, within the last ten years, been a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, or within a period of one year thereafter, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

13.7, 13.8 – Penalties or Sanctions

No director, officer, or promoter of the Issuer, or any shareholder anticipated to hold a sufficient amount of securities of the Issuer to materially affect control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 – Personal Bankruptcies

No director, officer or promoter of the Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 – Conflicts of Interest

To the best knowledge of the Issuer, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director, officer or promoter of the Issuer except that certain of the directors, officers and promoters of the Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Issuer and their duties as a director, officer and promoter of such other companies. See *Section 17 – Risk Factors*.

The directors, officers and promoters of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

14. CAPITALIZATION

14.1 – Issued Capital

Each of the tables in this section 14 pertain to the Issuer's common shares only.

As at the date of this Listing Statement, the Issuer has the following issued and outstanding securities according to the below table:

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding(1) (A)	61,223,736	103,775,631	100.00%	100.00%
Held by Related Persons(2) (B)	16,598,386	29,890,753	27.11%	28.80%
Total Public Float (A-B)	44,625,350	73,884,878	72.89%	71.20%
Freely-Tradable Float				
Number of outstanding securities subject to resale restrictions(3)(C)	23,585,636	33,728,003	38.52%	32.50%
Total Tradable Float (A-C)	37,638,100	70,047,628	61.48%	67.50%

(1) Includes 5,595,000 incentive stock options, 32,989,115 GLH Warrants, and debentures convertible into 2,190,000 Common Shares, all subject to adjustment in accordance with their respective terms.

(2) Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held). See below.

(3) Includes restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders.

The following securities are held by Related Persons:

Related parties

	Shares	Options	Warrants
Rick Miller	1,000,000	200,000	4,500,000
Andy Hartogh	1,925,000	0	1,500,000
Michael Cohl	6,080,000	0	3,150,000
Don Robinson	1,555,220	0	1,000,000
Brian Gentry	0	0	600,000
Philip van den Berg	1,000,000	0	1,000,000
Sam Pillersdorf	1,645,500	200,000	742,367
Elijah Cohl	175,000	200,000	0
Buba Ltd.	3,217,666	200,000	0
Total	16,598,386	800,000	12,492,367

Public Security holders (Registered)

Size of Holding	Number of holders	Total number of securities

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	217	21,700
500 – 999 securities	0	0
1,000 – 1,999 securities	3	3,000
2,000 – 2,999 securities	2	5,000
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	1	4,000
5,000 or more securities	185	37,737,150
Total	408	37,770,850

Public Security holders (Beneficial)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	217	21,700
500 – 999 securities	0	0
1,000 – 1,999 securities	3	3,000
2,000 – 2,999 securities	2	5,000
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	1	4,000
5,000 or more securities	220	44,591,650
Unable to confirm	0	0
Total	443	44,625,350

Non-Public Security holders (Registered)

Size of Holding	Number of holders	Total number of securities

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	9	16,598,386
Total	9	16,598,386

14.2 – Convertible Securities

The Issuer has the following convertible securities outstanding:

Description of Security	Number of convertible/ exchangeable securities outstanding	Number Issuer Shares issuable upon conversion/ exercise
Stock options granted to employees, directors, officers and consultants of the Issuer or its subsidiaries exercisable at CAD$0.20	2,775,000	2,775,000 Issuer Shares
Stock options granted to employees, directors, officers and consultants of the Issuer or its subsidiaries exercisable at US$1.00	2,820,000	2,820,000 Issuer Shares
GLH Warrants[1] entitling the holder to purchase one Issuer Share at CAD$0.025	2,353,000	2,353,000 Issuer Shares
GLH Warrants[1] entitling the holder to purchase one Issuer Share at CAD$0.20	6,570,025	6,570,025 Issuer Shares
GLH Warrants[1] entitling the holder to purchase one Issuer Share at CAD$0.50	14,222,250	14,222,250 Issuer Shares
GLH Warrants[1] entitling the holder to purchase one Issuer Share at US$0.50	1,500,000	1,500,000 Issuer Shares

GLH Warrants[1] entitling the holder to purchase one Issuer Share at US$1.00	8,143,840	8,143,840 Issuer Shares
GLH Warrants[1] entitling the holder to purchase one Issuer Share at US$5.00	200,000	200,000 Issuer Shares
Convertible Debentures[2] of GLH entitling the holder to convert the outstanding principal balance into Issuer Shares at a conversion price of US$1.00	2,190,000 (in principal amount)	2,190,000 Issuer Shares

1. Each GLH Warrant is, in accordance with its terms and the Merger Agreement convertible into one Issuer Share.
2. Each Convertible Debenture is, in accordance with its terms and the Merger Agreement convertible into Issuer Shares.

14.3 – Other Securities reserved for Issuance

On September 15, 2015, GLH entered into a subscription agreement with Chairman and director, Rick Miller (the "**Miller Subscription Agreement**"), for the acquisition by Mr. Miller of 1 million GLH Shares and three special warrants (the "**Special Warrants**"). Each Special Warrant is exercisable by Mr. Miller at an exercise price of USD$1 million up and until September 30, 2018 into units of securities, each unit comprising of 1 million shares of GLH and one million common share purchase warrants of GLH ("**Underlying Warrants**"). Each Underlying Warrant is exercisable into one GLH Share at an exercise price of USD$0.50 for a period of three years. Upon completion of the Transaction and in accordance wit their respective terms, the Special Warrants and the Underlying Warrants are exercisable into Issuer Shares

On September 30, 2015, Mr. Miller did acquire 1 million GLH Shares for an aggregate purchase price of USD$1 million the "**First Tranche**"). Upon the satisfaction of certain conditions, GLH may require Mr. Miller to exercise the first Special Warrant within 30 days of the completion of the First Tranche. After the exercise of the first Special Warrant, the Issuer may require Mr. Miller to exercise the second and third Special Warrant at any time after September 30, 2016, provided that certain conditions are satisfied;

In accordance with the terms of Don Robinson's employment contact, Mr. Robinson is entitled to receive 2 million Issuer Shares in equal installments over 36 months on the last day of each calendar month, commencing June 30, 2015. To date, Mr. Robinson has received 222,220 Issuer Shares and may earn an additional 1,780,000. All of the non-earned shares would become immediate payable to Mr. Robinson if his employment is terminated without cause or there is a change of control.

On July 17, 2015, GLH entered into a sales and distribution agreement with Siskiyou Medical Supply, LLC (the "**First Siskiyou Agreement**"), pursuant to which Siskiyou Medical Supply, LLC ("**Siskiyou**") agreed to sell and distribute GLH's products Upon signing the First Siskiyou Agreement, Siskiyou received 100,000 GLH Shares and became entitled to receive 50,000 GLH Shares in any calendar month where Sikiyou sold US$300,000 of GLH's products. Siskiyou earned 100,000 GLH Shares pursuant to the terms of the Frist Siskiyou Agreement On October 1, 2015 the First Siskiyou Agreement was terminate and GLH entered into a consignment sales agreement with Siskiyou (the "**Second Siskiyou Agreement**"). Under the terns of the Second Siskiyou Agreement, Siskiyou was issued 1,175,000 common share purchase warrants of GLH (the "Siskiyou Warrants"). Each Siskiyou Warrant entitles Siskiyou to purchase one GLH Share at an exercise price of US$1.00. The warrants are unvested and 50,000 warrants will vest in each calendar month where Siskiyou sells US$300,000 of GLH's products and proceeds are received. The Siskiyou Warrants expire when the Second Siskiyou Agreement is terminated.

Other than the foregoing or disclosed elsewhere in this Listing Statement, there are no other securities of the Issuer reserved for issuance.

15. EXECUTIVE COMPENSATION

15.1 – Compensation of Executive Officers

Executive Compensation

The compensation for each for each of GLH's most highly compensated executive officers, in addition to the Chief Executive Officer and Chief Financial Officer (each an "NEO" and collectively, the "NEOs") for the period from incorporation on April 8, 2014 until December 31, 2014 is set out in the table below. Unless indicated, compensation for the NEO's will remain unchanged following the completion of the Transaction.

Name and Principal Position	Year	Salary (US$)	Share Based Awards (US$)	Option Based Awards (US$)(6)	Non-Equity Incentive Plan Compensation		Pension Value (US$)	All other Compensation (US$)	Total Compensation (US$)
					Annual	Long-Term			
Pat Ghere(2) CEO	2014	$0	$16,600	$0	$0	$0	$0	$36,501	$53,101
Jack Schwebel(3) CEO	2014	$0	$76,420	$0	$0	$0	$0	$68,935	$179,011
John Ng(4) CFO	2014	$0	$57,976	$0	$0	$0	$0	$40,476	$109,841
Andy Hartogh(1,7)	2014	$69,940	$0	$0	$0	$0	$0	$0	$104,970

(1) The compensation reflects the compensation paid to such NEO from the period from April 8, 2014 to December 31, 2014.

(2) Pat Ghere was appointed CEO on April 8, 2014 and resigned on July 1, 2014

(3) Jack Schwebel was appointed CEO on July 1, 2014 and his compensation reflects the compensation he received between July 1, 2014 and December 31, 2014. Mr Schwebel resigned as CEO on May 20, 2015 and Mr. Donald M. Robinson was appointed as CEO on the same date.

(4) John Ng was appointed CFO on April 8, 2014 and resigned on January 15, 2015.

(5) Philip van den Berg was appointed CFO on January 15 and resigned August 3, 2015. Brian Gentry replaced Mr. Van den Berg as CFO and was appointed on August 3, 2015

(6) The value of option compensation was calculated using the Black Scholes model and a volatility factor of 35% was used for this calculation.

(7) President of Greenpoint Oregon, Inc.

Compensation of Executives

GLH's executive compensation program and strategy is designed to be competitive in order to attract and retain the talent needed to lead and grow GLH's business, provide a strong incentive for executives and key employees to work toward achievement of GLH's goals and strategic objectives, and ensure that the interests of management of GLH and its shareholders are aligned.

GLH's compensation program for its executive officers consist of three main elements: base salary and other compensation, an annual cash incentive and equity based compensation.

The base salary level and other compensation is based on overall experience and responsibilities. It is determined after considering salary levels of other executives with similar responsibilities and experience and comparison of salary levels of comparable executives at a variety of companies. The CEO salary is approved by the Board, which seeks advice from the Compensation Committee. Pursuant to the terms of the CEO's employment contract, the salary is reviewed annually by the Board. The base salary and other compensation for other GLH named executives are based on the executive's overall experience and responsibilities. The salaries and other compensation are reviewed annually. They are determined primarily on the basis of a review of the CEO's assessment of each executive's officer's performance during the prior year. The salaries are approved by the Board, together with recommendations from the CEO. The Compensation Committee is consulted when necessary or desirable.

The CEO may be entitled to receive an annual cash incentive bonus based on the CEO achieving certain milestones of corporate and personal objectives. The milestones are annually established and approved by the Board and the milestones and portions of the bonus awarded in respect thereof are annually agreed to between the CEO and the Board. Executives other than the CEO may be entitled to receive an annual cash incentive bonus if certain milestones of corporate and personal objectives are achieved. The milestones are established annually with recommendations from the CEO and agreed to with the executive officer.

As a matter of normal practice, GLH determines milestones of corporate and personal objectives for each year during the first quarter of the fiscal year and then, following the end of the year, the Board makes a subjective discretionary assessment regarding the extent to which such milestones have been achieved. Based on that assessment the Board awards annual cash incentive bonuses for the CEO and in consultation with the CEO in its discretion the Board wards annual cash incentive bonuses to the other executives.

The Board believes that in order to assist GLH in attracting and retaining management and key employees and non-management directors and providing such employees and directors with incentives to serve GLH, in addition to base salary and annual cash incentive payable to executive officers, equity based compensation should be included. The Board generally grants options or warrants to executive officers and employees following consultation with the CEO to determine whether the performance and contribution of non-management employees merit options or warrants. In granting options and warrants, the Board determines the portion of potential ownership of GLH that the Board wishes to grant as compensation and then determines the value of the options and warrants. Allocation is calculated by applying a standard Black-Scholes-Merton model.

Termination and Other Employment Arrangements

The following is a summary of the current management contracts in place with the Issuer or GLH. Mr. Hartogh is employed by GPO and he will continue to be employed by GPO.

Don Robinson, CEO

Mr. Robinson joined GLH as CEO in May 2015. Under the terms of his employment contract Mr. Robinson is entitled to an annual salary of US$300,000. In accordance with the terms of Don Robinson's employment contact, Mr. Robinson is entitled to receive 2 million Issuer Shares in equal installments over 36 months on the last day of each calendar month, commencing June 30, 2015. To date, Mr. Robinson has received 222,220 Issuer Shares and may earn an additional 1,780,000. All of the unearned shares would become immediate payable to Mr. Robinson if his employment is terminated without cause or there is a change of control in the Issuer.

Mr. Robinson received one million warrants with exercise price US$1.00 which vest over a three year period. Mr. Robinson's salary will be reviewed annually by the Board. Mr. Robinson may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to equity based compensation at the discretion of the board. Mr. Robinson's employment contract does not provide for the payment of any severance or other pay if Mr. Robinson is terminated without cause or if there is a change of control of GLH.

Andy Hartogh, President of Greenpoint Oregon, Inc.

Mr. Hartogh entered into an employment agreement with GPO in May of 2014. Under the terms of Mr. Hartogh's employment contract, he is entitled to an annual salary of US$250,000. Mr. Hartogh's salary will be reviewed annually by the Board. Mr. Hartogh may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to equity based compensation at the discretion of the board. Mr. Hartogh's employment contract does not provide for the payment of any severance or other pay if Mr. Hartogh is terminated without cause or if there is a change of control of GLH.

Brian Gentry, CFO,

Mr.Gentry joined GLH in August 2015 as CFO. Under the terms of this agreement, Mr. Gentry entitled to an annual salary of US$215,000. Mr. Gentry will be an NEO for 2015. Mr. Gentry's salary will be reviewed annually by the Board. Mr. Gentry may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to equity based compensation at the discretion of the board. In connection with his employment, Mr. Gentry received GLH options exercisable into 600,000 GLH Shares at an exercise price of US$1.00 vesting over a period of three years from the date of his employment. Mr. Gentry's employment contract does not provide for the payment of any severance or other pay if Mr. Gentry is terminated without cause or if there is a change of control of GLH.

Dr. Moshe Bar, CTO

Dr. Bar is GLH's Chief Technology Officer and is employed by GLH's wholly owned Israeli subsidiary, Greenpoint Science Inc. While Dr. Bar was not an NEO for 2014, it is expected that Dr. Bar will be an NEO for 2015. Dr. Bar is entitled to an annual salary of US$200,000. Mr. Bar's salary will be reviewed annually by the Board. Mr. Bar may be eligible under the terms of his employment agreement for a discretionary annual cash bonus and he may also be eligible to equity based compensation at the discretion of the board. In connection with his employment, Dr. Bar received GLH warrants exercisable into one million GLH Shares at an exercise price of CAD$0.20 vesting over a period of three years from the date of his employment. Dr. Bar's employment contract does not provide for the payment of any severance or other pay if Dr. Bar is terminated without cause or if there is a change of control of GLH.

Name	Termination Event	Estimated Incremental Payment			
		Severance	Option-Based Awards	Other	Total
Don Robinson	By Issuer for just cause	-	-	-	-
	By Issuer without just cause	Nil	-	-	Nil
	By Mr. Robinson	-	-	-	-
	By Issuer following change of control	Nil	-	-	Nil
Andy Hartogh	By Issuer for just cause	-	-	-	-
	By Issuer without just cause	Nil	-	-	Nil
	By Mr. Hartogh	-	-	-	-
	By Issuer following change of control	Nil	-	-	Nil
Brian Gentry	By Issuer for just cause	-	-	-	-
	By Issuer without just cause	Nil	-	-	Nil
	By Mr. Gentry	-	-	-	-
	By Issuer following change of control	Nil	-	-	Nil
Moshe Bar	By Issuer for just cause	-	-	-	-
	By Issuer without just cause	Nil	-	-	Nil
	By Mr. Bar	-	-	-	-
	By Issuer following change of control	Nil	-	-	Nil

15.2 – Compensation of Directors

No salary or other remuneration has been paid to any current director of the Issuer. Following the Listing, no directors shall receive cash remuneration, however, reasonable out of pocket expenses to attend meetings of the Board of Directors, committees of the Board of Directors or meetings of the shareholders of the Issuer may be reimbursed up to US$5,000. Each non-executive director has been issued 200,000 stock options in accordance with the terms of the Plan and the requirements of the CSE.

It is anticipated that the Issuer will obtain customary liability insurance for the benefit of its directors and officers.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out below, no director or officer of the Issuer or person who acted in such capacity in the last financial year of the Issuer, or any other individual who at any time during the most recently completed financial year of the Issuer was a director of the Issuer or any associate of the Issuer, is indebted to the Issuer, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer.

17. RISK FACTORS

17.1 – Description of Risk Factors

The following are certain risk factors relating to the business carried on by the Issuer and/or GLH which prospective investors should carefully consider before deciding whether to purchase Issuer Shares. The Issuer and/or GLH will face a number of challenges in the development of its business. Due to the nature of the Issuer and/or the Issuer's business and present stage of the business, the Issuer may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below. The following is a description of the principal risk factors affecting GLH that will, in turn, affect the Issuer.

General Risk Factors

Operational Risks

The Issuer and/or GLH will be affected by a number of operational risks and the Issuer and/or GLH may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Issuer's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Issuer's and/or GLH's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Issuer's future cash flows, earnings and financial condition. Also, the Issuer may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Issuer and/or GLH cannot insure or which the Issuer and/or GLH may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Issuer's future cash flows, earnings, results of operations and financial condition.

U.S. Federal Regulation

Currently, there are 23 states of the United States plus the District of Columbia that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering similar legislation. Conversely, under the Controlled Substance Act (the "**CSA**"), the policies and regulations of the Federal government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and we may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law or we may be deemed to be facilitating the selling or distribution of drug paraphernalia in violation of federal law with respect to our current or proposed business operations. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the Issuer's future cash flows, earnings, results of operations and financial condition. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings and stated federal policy remains uncertain.

Variation in Regulation

Individual state laws do not always conform to the federal standard or to other states' laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Two states, Colorado and Washington, have legalized the recreational use of cannabis. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions. For example, Alaska and Colorado have limits on the number of marijuana plants that can be home grown. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect the Issuer's future cash flows, earnings, results of operations and financial condition.

Marijuana remains illegal under US Federal law

Marijuana is a schedule-I controlled substance and is illegal under U.S. federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in our inability to proceed with our business plan.

Change of Cannabis laws

Local, state and U.S. federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Issuer to incur substantial costs associated with compliance or alter certain aspects of our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Issuer's business plan and result in a material adverse effect on certain aspects of our planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Issuer's medical marijuana businesses. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Issuer's business.

Supply of Trim

GLH does not cultivate sufficient cannabis to supply itself with enough Trim to operate its oil extraction business. Currently, GLH acquires Trim from third parties in amounts sufficient to operate its oil extraction business. However, there can be no assurance that there will continue to be a supply of Trim available for GLH to purchase in order to operate its oil extraction business. Additionally, the price of Trim may rise which would increase GLH's cost of goods. If GLH were unable to acquire the Trim required to operate its oil extraction business or if the price of Trim increased it could have a material adverse impact on the business of the Issuer, its financial condition and results from operations.

Security Risks

The business premises of GLH is a target for theft. While GLH has implemented security measures and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and GLH fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Issuer.

As GLH's business involves the movement and transfer of cash which is collected from dispensaries, used to purchase Trim or deposited into its bank, there is a risk of theft or robbery during the transport of cash. GLH has engaged a security firm to provide armed guards and security in the transport and movement of large amounts of cash. Sales representatives sometimes transport cash and/or products and each sales representative has a panic button in their vehicle and, if requested, may be escorted by armed guards. While GLH has taken robust steps to prevent theft or robbery of cash during transport, but there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Risks Associated with New Cultivation Facility.

GLH has purchased a 96 acre property near Aurora, Oregon on which it intends to build and develop a new and expanded cultivation facility. Much of GLH's business and growth plan hinges on the build-out of this facility. There can be no assurance that GLH will be able to build out this facility in the manner intended or at all. The build out of the facility will require extensive capital resources before it becomes fully operational. Although it is intended that the facility become operational within the next 12 months, there can be no assurance that it will become operational in this timeframe or at all. There are many factors that could delay the build out of the new facility or that could prevent the new facility from becoming operational at all. A failure to have this new facility operational within 12 months or at all would require management to amend its business and growth plan. It could also have a material impact on the business, financial condition and results from operations.

Operation Permits and Authorizations.

We may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its medical marijuana business. In addition, we may not be able to comply fully with the wide variety of laws and regulations applicable to the medical marijuana industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on our ability to operate the medical marijuana business, which could have a material adverse effect on our business.

Liability, Enforcement Complaints etc.

The Issuer's participation in the medical marijuana industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against these subsidiaries. Litigation, complaints, and enforcement actions involving these subsidiaries could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

Banking

Since the use of marijuana is illegal under federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. The inability to open bank accounts may make it difficult to operate the Issuer's medical marijuana business.

Resale of Shares

There can be no assurance that the publicly-traded stock price of the Issuer will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Issuer will be sufficiently liquid so as to permit investors to sell their position in the Issuer without adversely affecting the stock price. In such event, the probability of resale of the Issuer's shares would be diminished.

As well, the continued operation of the Issuer will be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that revenues can be generated. If the Issuer is unable to obtain such additional financing or generate such revenues, investors may be unable to sell their shares in the Issuer and any investment in the Issuer may be lost.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of the Issuer will be subject to market trends generally, notwithstanding any potential success of the Issuer in creating revenues, cash flows or earnings. The value of the Issuer's shares will be affected by such volatility. An active public market for the Issuer's shares might not develop or be sustained after the completion of the Listing. If an active public market for the Issuer's shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

GLH's limited operating history makes evaluating its business and prospects difficult

GLH has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, GLH's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As GLH is in an early stage and is introducing new products, GLH's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. GLH has had limited experience in addressing the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving industries such as the medical marijuana industry. There can be no assurance that GLH will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on GLH's business, prospects, financial condition and results of operations.

Need for funds

In the short term, the continued operation of the Issuer may be dependent upon its ability to procure additional financing. The Issuer must obtain such financing through a combination of equity and debt financing and there can be no assurance that the Issuer can raise the required capital it needs to build and expand its current grow and extraction facilities, nor that the capital markets will fund the business of the Issuer. Without this additional financing, the Issuer may be unable to achieve positive cash flow and earnings as quickly as anticipated. There can be no certainty that the Issuer can obtain these funds, in which case any investment in the Issuer may be lost.

The raising of equity funding would also result in dilution of the equity of the Issuer's shareholders.

Dividends

The Issuer has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Issuer expects to retain its earnings to finance growth, and where appropriate, to pay down debt.

GLH has a history of net losses, which might occur again in the future

GLH incurred net losses from the inception of its business until the date of this Listing Statement. GLH cannot assure that it can remain profitable or avoid net losses in the future or that there will not be any earnings or revenue declines for any future quarterly or other periods. GLH expects that its operating expenses will increase as it grows its business, including expending substantial resources for content and product development and marketing. As a result, any decrease or delay in generating revenues could result in material operating losses.

The Issuer may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Issuer, could subject the Issuer to significant liabilities and other costs

The Issuer's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Issuer cannot assure that third parties will not assert intellectual property claims against it. The Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Issuer to injunctions prohibiting the development and operation of its applications.

The Issuer may need to incur significant expenses to enforce its proprietary rights, and if GLH is unable to protect such rights, its competitive position could be harmed

The Issuer regards proprietary methods and processes, domain names, trade names, trade secrets, recipes and other intellectual property as critical to its success. The Issuer's ability to protect its proprietary rights is critical for the success of its business and its overall financial performance. GLH has taken certain measures to protect its intellectual property rights. However, the Issuer cannot assure that such measures will be sufficient to protect its proprietary information and intellectual property. Policing unauthorized use of proprietary information and intellectual property is difficult and expensive. Any steps GLH has taken to prevent the misappropriation of its proprietary technology may be inadequate. The validity, enforceability and scope of protection of intellectual property in the medical marijuana industry is uncertain and still evolving. In particular, the laws and enforcement procedures in some developing countries are uncertain and may not protect intellectual property rights in this area to the same extent as do the laws and enforcement procedures in Canada, the United States and other developed countries.

The Issuer is dependent upon its existing management, its key research and development personnel and its growing extraction personnel, and its business may be severely disrupted if it loses their service.

The Issuer's future success depends substantially on the continued services of its executive officers, its key research and development personnel and its key grow and extraction personnel. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Issuer might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Issuer may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away.

Available Talent Pool

As the Issuer grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of medical marijuana research and development, growing marijuana and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Issuer. Without adequate personnel and expertise, the growth of GLH's business may suffer.

Unforeseen Competition

Although GLH has been and is currently a leader in the medical marijuana and extraction industry in the state of Oregon, there can be no assurance that the Issuer will continue to remain an industry leader. There can be no assurance that significant competition will not enter the marketplace and offer some number of similar products and services or take a similar approach. Such competition could have a significant adverse effect on the growth potential of GLH's business by effectively dividing the existing market for its products.

Potential future acquisitions and/or strategic alliances may have an adverse effect on the Issuers' ability to manage its business

The Issuer may acquire technologies, businesses or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the medical marijuana and extraction market. Future acquisitions or strategic alliances would expose the Issuer to potential risks, including risks associated with the integration of new technologies, businesses and personnel, unforeseen or hidden liabilities, the diversion of management attention and resources from its existing business, and the inability to generate sufficient revenues to offset the costs and expenses of acquisitions or strategic alliances. Any difficulties encountered in the acquisition and strategic alliance process may have an adverse effect on the Issuer's ability to manage its business.

No Assurance of Profitability

GLH incurred a net loss for the period from incorporation on April 8, 2014 to December 31, 2014. The Issuer cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Issuer is subject to the risks inherent in the operation of a new business enterprise in an emerging and uncertain business sector, and there can be no assurance that the Issuer will be able to successfully address these risks.

Management of Growth

The Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Issuer's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Issuer's customers, which could have an adverse effect on the Issuer's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any the United States or any of the states within the United States and especially the State of Oregon could adversely affect GLH's business, financial condition, or results of operations.

Asset Location and Legal Proceedings

Substantially all of the Issuer's assets are located outside of Canada and many of its officers and directors are resident outside of Canada and their assets are outside of Canada. Serving process on the directors and officers may prove to be difficult or excessively time consuming. Additionally, it may be difficult to enforce a judgment obtained in Canada against the Issuer, its subsidiaries and any directors and officers residing outside of Canada.

Market Acceptance

The Issuer's ability to gain and increase market acceptance of its medical marijuana products depends upon its ability to educate the public, physicians and other healthcare professionals on the benefits of medical marijuana products. It also requires the Issuer establish and maintain its brand name and reputation. In order to do so, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful and their failure may have an adverse effect on the Issuer's.

Risks Associated with Acquisitions

As part of the Issuer's overall business strategy, the Issuer may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Issuer's security measures could misappropriate proprietary information or cause interruptions in its operations. The Issuer may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Insurance Coverage

The Issuerwill require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Issuer believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Issuer may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Issuer's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The provisions of Internal Revenue Code section 280E are being applied by the Internal Revenue Service (IRS) to businesses operating in the medical marijuana industry. Section 280E provides:

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

Even though several states have medical marijuana laws, the IRS is applying section 280E to deny business deductions. Businesses operating legally under state law argue that section 280E should not be applied because Congress did not intend the law to apply to businesses that are legal under state law. The IRS asserts that it was the intent of Congress to apply the provision to anyone "trafficking" in a controlled substance, as defined under federal law (as stated in the text of the statute). Thus, section 280E is at the center of the conflict between federal and state laws with respect to medical marijuana which applies to the business conducted by the Issuer.

Currency Fluctuations

Due to the Issuer's present operations in the United States, and its intention to continue future operations outside Canada, GLH is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Issuer's revenue will be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. The Issuer does not have currency hedging arrangements in place and there is no expectation that the Issuer will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Issuer's business, financial condition and operating results. The Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

17.2 – Additional Security holder Risk

There is no risk that security holders of the Issuer may become liable to make an additional contribution beyond the price of the security.

17.3 – Other Risks

Subject to the risk factors set out under Section 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Issuer Shares.

18. PROMOTERS

18.1 – 18.2 – Promoter Consideration

Jack Schwebel is a promoter and was substantially involved in the formation of the Issuer. Mr. Schwebel owns 3,217,666 Issuer Shares through Buba Ltd., a corporation controlled by Mr. Schwebel, representing approximately 5.26% of the issued and outstanding Issuer Shares. Mr. Schwebel also holds 200,000 stock options to acquire Issuer Shares at USD$1.00 per share. Mr. Schwebel is currently a consultant of the Issuer and receives $22,500 in compensation per month.

Other than as listed above and the directors and officers of the Issuer, there has been no person or company that may be considered a promoter of the Issuer within two years immediately preceding this Listing Statement.

19. LEGAL PROCEEDINGS

19.1 – Legal Proceedings

As of the date of this Listing Statement, there are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of their respective property is the subject matter. However, a former employee of GLH was terminated, and this employee has engaged legal counsel and threatened to bring various claims, including wrongful termination and breach of his employment agreement. 3.9 million shares and 853,000 fully vested warrants previously issued to the former employee in connection with certain services the former employee was to perform for GLH, were cancelled by GLH for non-performance of services. If the former employee was to sue GLH and prevail on the employment claim, the damages could be material. Further, if the former employee were to sue GLH for the cancelled shares and warrants and prevail, the number of shares and warrants restored to the former employee could be material. To date, no legal action has been filed and GLH intends to vigorously defend any action which this former employee may bring.

19.2 – Regulatory Actions

As of the date of this Listing Statement, none of the Issuer, GLH or any of their respective subsidiaries has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has any party entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On May 12, 2014 GLH entered into an asset purchase agreement with Andy Hartogh to acquire certain cannabis cultivation and processing assets for total consideration of US$680,800, paid by way of a promissory note in the amount of US$212,500 (which has now been fully repaid), the issuance of 2,925,000 common shares of GLH, and the issuance of 1,500,000 warrants to acquire GLH Shares with an exercise price CAD$ 0.02. Andy Hartogh and GPO entered into a non-competition, non-disclosure and non-solicitation agreement dated May 12, 2014 for a period of five years following the closing of the APA.

On September 28, 2015, Sam Pillersdorf, a director of GLH, purchased a convertible debenture in the principal amount of US$1,000,000 and received 59,171 of the 100,000 bonus warrants. The proceeds of the convertible debenture were used to finance the purchase of the Aurora Property.

On September 15, 2015, GLH entered into a subscription agreement with Chairman and director, Rick Miller (the "**Miller Subscription Agreement**"), for the acquisition by Mr. Miller of 1 million GLH Shares and three special warrants (the "**Special Warrants**"). Each Special Warrant is exercisable by Mr. Miller at an exercise price of USD$1 million up and until September 30, 2018 into units of securities, each unit comprising of 1 million shares of GLH and one million common share purchase warrants of GLH ("**Underlying Warrants**"). Each Underlying Warrant is exercisable into one GLH Share at an exercise price of USD$0.50 for a period of three years. Upon completion of the Transaction and in accordance wit their respective terms, the Special Warrants and the Underlying Warrants are exercisable into Issuer Shares

On September 30, 2015, Mr. Miller did acquire 1 million GLH Shares for an aggregate purchase price of USD$1 million the "**First Tranche**"). Upon the satisfaction of certain conditions, the Corporation may require Mr. Miller to exercise the first Special Warrant within 30 days of the completion of the First Tranche. After the exercise of the first Special Warrant, the Issuer may require Mr. Miller to exercise the second and third Special Warrant at any time after September 30, 2016, provided that certain conditions are satisfied;

Other than the foregoing, no material conflict of interest, either direct or indirect, is currently known to exist with respect to any proposed transaction, or any transaction consummated over the three years before the date of this Listing Statement, that has affected or will materially affect the Issuer.

Conflicts of interest may arise as a result of the directors and officers of the Issuer also holding positions as directors or officers of other companies. Some of those individuals have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Issuer will be in direct competition with the Issuer.

The directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario), as applicable, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 – Auditors

The auditors of the Issuer are Wolrige Mahon LLP and the auditors for GLH are Grant Thornton LLP. It is expected that the Issuer will change its auditors to Grant Thornton shortly after the completion of the Transaction.

21.2 – Transfer Agent and Registrar

The registrar and transfer agent of the Issuer is TMX Equity Transfer Services at its Toronto office located at 401 – 200 University Ave Toronto, ON M5H 3C6.

22. MATERIAL CONTRACTS

22.11 – Material Contracts of the Issuer

The Issuer has not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business and documents entered into in connection with the Transaction (described in Section 3.1(a) above), except as follows:

1. Transfer Agency Agreement between Longacre and Equity Financial Trust Company dated March 31, 2012 as supplemented by Schedule of Fees dated April 1, 2012;
2. the Form 46-201 Escrow Agreement;
3. the Merger Agreement; and
4. the Amalgamation Agreement.

GLH has not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business and documents entered into in connection with the Transaction (described in Section 3.1(a) above), except as follows:

1. the Merger Agreement; and
2. the Amalgamation Agreement.

The material contracts described above may be inspected without further charge at the offices of Acuity Corporate Securities Lawyers, solicitors of the Issuer, located at located at Suite 800, 181 University, Toronto, Ontario, M5H 2X7 during ordinary business hours until the date of the completion of the Listing and for a period of 30 days thereafter.

22.2 – Special Agreements

The Issuer is not a party to any co-tenancy, unit holders' or limited partnership agreement.

23. INTEREST OF EXPERTS

23.1 – Interest of Experts – Issuer and GLH

The auditors of Longacre, Wolrige Mahon LLP, Chartered Accountants, have audited the annual financial statements of Longacre for the years ending March 2014 and March 2015. Prior thereto, Longacre's auditors were Crowe MacKay LLP. Wolrige Mahon LLP, Chartered Accountants is independent within the meaning of the Code of Conduct of CPABC. As of the date of this Listing Statement, Wolrige Mahon LLP, Chartered Accountants did not own or have any registered or beneficial interests, direct or indirect, in any securities or the property of the Issuer.

The auditors of GLH, Grant Thornton LLP, Chartered Accountants audited the financial statements of GLH for the period from incorporation on April 8, 2014 to December 31, 2014 and are independent within the meaning of the Chartered Professional Accountants Handbook of Ontario. As of the date of this Listing Statement, Grant Thornton LLP, Chartered Accountants did not own or have any registered or beneficial interests, direct or indirect, in any securities or the property of GLH.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. FINANCIAL STATEMENTS

25(a) – Financial Statements – GLH

Schedule "A" contains the audited financial statements for GLH for the period from incorporation on April 8, 2014 to December 31, 2014. Included are un-audited financial statements for the period from January 1, 2015 to March 31, 2015 and the un-audited financial statements from April 1, 2015 to June 30, 2015.

25(b) – Financial Statements – Longacre

Schedule "B" contains the audited financial statements for Longacre for the financial years ended March 31, 2013, 2014 and 2015. Included are un-audited financial statements for the period for the three month period ended June 30, 2015.

25(c) – Pro Forma Consolidated Financial Statements

Schedule "E" contains the unaudited pro forma consolidated statement of financial position of the Issuer as at June 30, 2015.

SCHEDULE "A"
FINANCIAL STATEMENTS OF GOLDEN LEAF HOLDINGS INC.

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October 8, 2015

Canadian Securities Exchange

Dear Sirs/Mesdames:

Re: Golden Leaf Holdings Inc. ("GLH")

We refer to the Listing Statement of Golden Leaf Holdings Ltd. (the "Company") dated October 8, 2015 relating to the sale and issue of common shares.

We consent to being named and to the use, in the above-mentioned Listing Statement, of our report dated October 1, 2015 to the shareholders of GLH on the following financial statements:

Consolidated statement of financial position as at December 31, 2014;

Consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the period from April 8, 2014 (date of incorporation) to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

We report that we have read the Listing Statement and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus as these terms are described in the CPA Canada Handbook – Assurance.

Grant Thornton LLP

Yours sincerely,
Grant Thornton LLP

Consolidated Financial Statements of

GOLDEN LEAF HOLDINGS INC.

For the period from April 8, 2014 (date of incorporation) to December 31, 2014

(Audited) (restated – Note 21)

GOLDEN LEAF HOLDINGS INC.

Financial Statements
(Expressed in U.S. Dollars)
For the period from April 8, 2014 (date of incorporation) to December 31, 2014

Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Golden Leaf Holdings Inc.

We have audited the accompanying consolidated financial statements of Golden Leaf Holdings Inc., which comprise of the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the period from April 8, 2014 (date of incorporation) to December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Leaf Holdings Inc. as at December 31, 2014 and its results of operations and its cash flows for the period from April 8, 2014 (date of incorporation) to December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without modifying our opinion, we draw attention to Notes 2 and 21 to the consolidated financial statements. Note 21 explains that certain information for the period from April 8, 2014 (date of incorporation) to December 31, 2014 has been restated. Note 2 discusses the need to raise additional capital to fund future working capital and expansion plans. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Grant Thornton LLP"

Toronto, Canada
October 1, 2015

Chartered Accountants
Licensed Public Accountants

GOLDEN LEAF HOLDINGS INC.

Consolidated Statement of Financial Position
As at December 31, 2014
(Expressed in U.S. dollars)

		2014 (restated – Note 21)
Assets		
Current		
Cash	$	600,078
Accounts receivable (note 6)		358,987
Sales taxes recoverable		47,535
Biological assets (note 7)		224,854
Inventory (note 7)		534,986
Prepaid expenses and deposits		339,788
Total current assets		2,106,228
Property, plant and equipment (note 8)		710,790
Intangible assets		40,000
Total assets	$	2,857,018
Liabilities		
Current		
Accounts payable and accrued liabilities	$	380,794
Income taxes payable (note 20)		32,202
Subscriptions payable		40,000
Current portion of long-term debt (note 9)		15,828
Total current liabilities		468,824
Long-term debt (note 9)		75,121
Warrants liability (note 10)		507,607
Total liabilities		1,051,552
Shareholders' equity		
Share capital (note 11)		4,747,153
Warrant reserve (note 12)		260,366
Deficit		(3,202,053)
Total shareholders' equity		1,805,466
Total liabilities and shareholders' equity	$	2,857,018

Going Concern (note 2)
Commitments (note 13)
Subsequent Events (note 19)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Don Robinson"	"Elijah Cohl"	"Sam Pillersdorf"	"Rick Miller"	"Phillip van den Berg"	"Andy Hartogh"
Director	Director	Director	Director	Director	Director

GOLDEN LEAF HOLDINGS INC.
Consolidated Statement of Operations and Comprehensive Loss
For the period from April 8, 2014 (date of incorporation) to December 31, 2014
(Expressed in U.S. dollars)

	2014 (restated – Note 21)
Sales	$ 1,310,155
Cost of goods sold	1,070,464
Gross profit	239,691
Expenses	
General and administrative	2,853,820
Sales and marketing	404,857
Write-down of inventory	141,280
Research and development	21,615
Amortization of property, plant and equipment	8,076
Total expenses	3,429,648
Loss before undernoted items	(3,189,957)
Accretion and interest expense	15,271
Other income	(35,377)
Loss before income taxes	(3,169,851)
Income taxes (note 20)	32,202
Net loss and comprehensive loss	$ (3,202,053)
Basic and diluted loss per share (note 18)	$ (0.14)
Weighted average number of common shares outstanding	23,209,606

See accompanying notes to consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Consolidated Statement of Changes in Shareholders' Equity
For the period from April 8, 2014 (date of incorporation) to December 31, 2014 (restated – Note 21)
(Expressed in U.S. dollars)

	Share Capital	Warrant Reserve	Deficit	Total
Balance, April 8, 2014	$ -	$ -	$ -	$ -
Issuance of common shares (note 11)	4,837,906	-	-	4,837,906
Share issuance costs (note 11)	(117,665)	-	-	(117,665)
Issuance of warrants (note 11, 12)	-	271,020	-	271,020
Exercise of warrants for common shares (note 11, 12)	26,912	(10,654)	-	16,258
Net loss and comprehensive loss for the period	-	-	(3,202,053)	(3,202,053)
Balance, December 31, 2014	$ 4,747,153	$ 260,366	$ (3,202,053)	$ 1,805,466

See accompanying notes to consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Consolidated Statement of Cash Flows
For the period April 8, 2014 (date of incorporation) to December 31, 2014
(Expressed in US dollars)

	2014 (restated – Note 21)
Cash provided by (used in):	
Operating activities:	
Net loss	$ (3,202,053)
Adjustments for non-cash items:	
Amortization of property, plant and equipment	8,076
Accretion and interest expense	9,914
Write-down of inventory	141,280
Non-cash expenses	578,708
Gain on fair value adjustment to warrants liability	(57,445)
Changes in non-cash working capital items:	
Accounts receivable	(358,987)
Sales taxes recoverable	(47,535)
Accounts payable and accrued liabilities	380,794
Income taxes payable	32,202
Inventory	(521,174)
Biological assets	(355,499)
Prepaid expenses and deposits	(246,300)
Cash used in operating activities	(3,638,019)
Investing activities:	
Payment of deposit for property, plant and equipment	(93,488)
Purchase of property, plant and equipment	(564,554)
Cash used in investment activities	(658,042)
Financing activities:	
Issuance of common shares	4,992,862
Payment of share issuance costs	(96,000)
Repayment of long-term debt	(723)
Proceeds from related party loan	212,500
Repayment of related party loan	(212,500)
Cash provided by financing activities	4,896,139
Increase in cash during the period	600,078
Cash, beginning of period	-
Cash, end of period	$ 600,078
Non-cash items from investing activities:	
Purchase of property, plant and equipment	
shares	97,000
long-term debt	91,672
Non-cash items from financing activities:	
Warrants issued for share issuance costs	21,665
Warrants issued for services	144,533
Shares issued for services	331,481

See accompanying notes to these consolidated financial statements.

1. Incorporation and operations

Golden Leaf Holdings Inc. ("Golden Leaf" or the "Company") was incorporated under the laws of the Canada Business Corporations Act on April 8, 2014 and began operations on July 1, 2014. The Company carries on the business of growing, processing and distribution of medical cannabis products in the State of Oregon in the United States of America ("USA"). The Company's corporate office is at 400-1235 Bay St., Toronto, Ontario Canada M5R 3K4 and its principal place of business is at 400-517 SW 4th Ave., Portland, Oregon 97204.

2. Going concern assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The going concern basis of presentation assumes that Golden Leaf will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has funded its cash requirements since commencement of operations in July 2014 through the issuance of common shares and a related party loan. The Company has generated sales of $1.3 million up to December 31, 2014. To fund its future working capital needs and expansion plans the Company anticipates the issuance of additional common shares or debt through various rounds of private placements. On January 31, 2015, the Company has also signed a Letter of Intent with a Longacre Resources Inc. ("Longacre"), a reporting issuer in the provinces of British Columbia and Alberta. The Letter of Intent contemplates a reverse-takeover transaction ("RTO") such that the Company will take over control and the listing status of Longacre (see Note 19). This transaction will provide the Company with another option to access capital to fund future growth and working capital.

Subsequent to December 31, 2014, the Company completed two private placements which generated gross proceeds of $3,716,000 and $500,000 in convertible notes (see Note 19). In management's view, the proceeds from the private placement will provide sufficient working capital and liquidity for the company to continue as a going concern through 2015.

These consolidated financial statements do not reflect adjustments to the measurement bases of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. Statement of compliance

These consolidated financial statements 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 consolidated financial statements have been approved by the Company's Board of Directors on October 1, 2015.

4. Basis of presentation

Except where specified, the consolidated financial statements have been prepared in U.S. dollars, which are the Company's functional currency, on a historical cost basis. The accounting policies set out below have been applied to all accounting periods.

5. Significant accounting policies:

Basis of consolidation
The Company consolidates the financial statements of the following wholly owned subsidiaries:

- Golden Leaf US Inc. (a Delaware incorporated company)
- Golden Leaf Oregon Inc. (an Oregon incorporated company)
- Golden Leaf Oregon Distribution Inc. (an Oregon incorporated company)
- GL Management Inc. (a Nevada incorporated company)

Subsequent to December 31, 2014, the Company completed the following name changes for the same subsidiaries, respectively:

- Greenpoint Holdings Delaware Inc.
- Greenpoint Oregon Inc.
- Left Coast Connections Inc.
- GP Management Inc.

In addition, a new subsidiary, Greenpoint Science Ltd. (a company incorporated in Israel), was formed subsequent to December 31, 2014.

All inter-company transactions and balances with subsidiaries have been eliminated. All companies have the same reporting period.

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 and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

Long-lived assets
Long-lived assets consist of property, plant and equipment with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in loss for the year.

5. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Depreciation is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Production equipment	5-7 years
Furniture and fixtures	5 years
Vehicles	5 years
Computer equipment	3 years
Leasehold improvements	5 years

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs to sell. Determining the value-in-use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. As at December 31, 2014, the Company did not record any impairment of non-financial assets.

Useful life of property and equipment and intangible assets

Property and equipment are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized using the straight-line method, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Currency translation and functional and currency presentation

Transactions in currencies other than the U.S. dollar are recorded at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into U.S. dollars at the rate of exchange prevailing at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenue and expense items are translated at the average rate of exchange for the year. Foreign exchange gains and losses are included in operations.

The functional currency for the Company's operations is the currency of the primary economic environment in which the entity operates. The functional currency of the Company's subsidiaries in the United States of America is the U.S. dollar and for its Canadian operations it is the Canadian dollar. These consolidated financial statements are presented in U.S. dollars, which is the Company's presentation currency.

Intangible assets

Intangible assets consist of dispensary license acquired. Intangible assets are amortized over their estimated useful lives, unless the life is determined to be indefinite, in which case no amortization is taken. Intangible assets with indefinite useful lives are tested for impairment on an annual basis or when events occur that may indicate impairment.

5. Significant accounting policies (continued)

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less any costs to complete and sell the goods. The cost of inventory includes expenditures incurred in acquiring raw materials, production and conversion costs, and other costs incurred in bringing them to their existing location and condition.

Judgment is required in determining whether the carrying cost of inventories is recoverable. In making this determination, the Company assesses the market conditions to determine what will be a reasonable future cash flow from the sale of inventory.

Biological assets

The Company's biological assets consist of agricultural produce of cannabis flower which are cultivated and harvested in the Company's grow facility in Portland, Oregon. Since fair value cannot be measured reliably biological assets are being measured at their cost. Therefore, the Company is required to make certain assumptions regarding the costs to be capitalized in the value of the biological assets.

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns and discounts.

Revenue is recognized when the risk and rewards of ownership pass to the buyer, the amount of revenue can be reliably measured, the costs and possible return of goods can be reliably measured, there is no continuing management involvement or control with the goods, and when collection is reasonably assured. This generally occurs when the products are delivered from the Company's premises.

Income taxes

The Company follows the balance sheet method of accounting for income taxes. Under this method of tax allocation, deferred tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Deferred tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantively enacted. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Offsetting of deferred tax assets and liabilities occurs when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company's subsidiaries, Greenpoint Oregon Inc. and Left Coast Connections Inc., are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. tax, marijuana is a schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to Section 280E.

5. Significant accounting policies (continued)

Income taxes (continued)
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Accounts receivable
Accounts receivables are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its allowance based on a number of factors, including length of time an account is past due, the customer's previous loss history, and the ability of the customer to pay its obligation to the Company. The Company writes off receivables when they become uncollectible.

Financial assets
All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: fair value through profit or loss, held-to-maturity, loans and receivables or available-for-sale.

Financial assets classified as fair value through profit or loss ("FVTPL") are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as held-to-maturity and loans and receivables are measured at amortized cost. The Company's accounts receivable are classified as loans-and-receivables. At December 31, 2014 the Company has not classified any financial assets as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) until the related asset is no longer recognized or impaired, at which time the amounts would be recorded in net income. At December 31, 2014 the Company has not classified any financial assets as available-for-sale.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition of the asset, the estimated future cash flows of the asset has been impacted.

Financial liabilities
All financial liabilities are initially recorded at fair value and designated upon inception into one of the following two categories: fair value through profit or loss or other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured each subsequent reporting period end with changes in fair value recognized in to profit or loss. At December 31, 2014 the Company classified warrants associated with the private placement as FVTPL, see note 10.

Financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The Company's accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities. Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method.

5. Significant accounting policies (continued)

Basic and diluted loss per common share

Basic loss per share is computed by dividing net loss by the weighted average common shares outstanding at the end of the period. Diluted loss per share reflects the dilution of common share equivalents, such as outstanding warrants, in the weighted average common shares outstanding at the end of the period. The Company uses the treasury stock method for calculating diluted loss per share.

Warrants

The Company is required to make certain estimates when determining the fair value of warrants. The Company uses the Black-Scholes pricing model to determine the fair value. The Black-Scholes option pricing model requires the input of subjective assumptions, such as stock price volatility.

Future accounting changes

The Company has identified new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

- IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until periods beginning on or after January 1, 2015, with early application permitted. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

- In May 2014, the IASB issued IFRS 15 Revenue from contracts with customers, which provides a single, principles based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

- The IASB has published amendments to IAS 16 Property, Plant and Equipment, and IAS 41 Agriculture that change the accounting for bearer plants. The amendments specify that because the operation of bearer plants are similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41. The amendments are effective for annual periods beginning January 1, 2016 with early adoption permitted. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

(Expressed in U.S. dollars, unless otherwise stated)

6. Accounts receivable

Accounts receivable	$	443,361
Allowance for doubtful accounts		(84,374)
	$	358,987

Bad debts expense for the period was $84,374 and is included in general and administrative expenses.

7. Biological assets and inventory

The Company's biological assets consist of cannabis flower that is cultivated at the Company's own grow facility. Inventory consists of concentrates products such as oils and edibles. Any costs incurred to bring the biological assets and inventory to the condition and location of sale are included in cost. The following provides a summary of the various costs incurred in key stages of production:

	Biological Assets	Inventory
Raw materials	-	230,969
Work-in-process	206,265	191,420
Finished goods	18,589	112,597
	$ 224,854	$ 534,986

During the period ended December 31, 2014, biological assets were written down by $141,280.

8. Property, plant and equipment

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture and Fixtures	Vehicles	Total
Cost						
Balance April 8, 2014	-	-	-	-	-	-
Additions	312,795	231,377	63,547	41,835	103,672	753,226
Balance Dec 31, 2014	312,795	231,377	63,547	41,835	103,672	753,226
Accumulated Amortization						
Balance April 8, 2014	-	-	-	-	-	-
Additions	(23,540)	(11,309)	(4,305)	(1,554)	(1,728)	(42,436)
Balance Dec 31, 2014	(23,540)	(11,309)	(4,305)	(1,554)	(1,728)	(42,436)
Carrying Amount						
Balance-Dec 31, 2014	289,255	220,068	59,242	40,281	101,944	710,790

Included in leasehold improvements are additions of $95,665 related to the renovations of the retail facility in Portland, Oregon that is not yet amortized as the facility has not yet commenced operations. Additions of $97,000 in property, plant and equipment were financed by the issuance of 4,850,000 common shares (note 11) and $91,672 was financed by using long-term debt. The Company's long-term debt of $90,949 is secured by its vehicles.

Total depreciation expense for the year was $42,436, of which $34,360 was allocated to inventory and $8,076 expensed in the statement of operations and comprehensive loss.

(Expressed in U.S. dollars, unless otherwise stated)

9. Long-term debt

		2014
Vehicle loans bearing annual interest of 5.74%, secured by the Company's vehicles due November 28, 2020, repayable in monthly blended instalments of $1,511	$	90,949
Less: current portion		(15,828)
	$	75,121

Principal repayments required in each of the next five years and thereafter are as follows:

2015	$	15,828
2016		15,279
2017		15,279
2018		15,279
2019		15,279
Thereafter		14,005
	$	90,949

10. Warrants liability

During the period between June 13 and November 28, 2014, the Company issued 13,722,250 warrants in conjunction with private placements pertaining to (vii) and (viii) in Note 11. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

The warrants were valued at $565,052 at the time of issuance based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 years
Risk-free interest rate	1.13%
Dividend yield	0%
Foreign exchange rate	$0.8950
Expected volatility	70%

Per IAS 39, the warrants issued under these placements meet the definition of a derivative and must be measured at fair value at each reporting date. At December 31, 2014, a gain of $57,445 was recorded in Other Income due to changes in the year end risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants. The assumptions used to revalue the liability are as follows:

Expected life	2.8 to 2.9 years
Risk-free interest rate	1.21%
Dividend yield	0%
Foreign exchange rate	$0.8599
Expected volatility	70%

(Expressed in U.S. dollars, unless otherwise stated)

11. Share capital

Authorized - An unlimited number of common shares at no par value.

The following table reflects the continuity of share capital from April 8, 2014 (date of incorporation) to December 31, 2014:

	Number of Shares	Amount
Opening balance	-	$ -
Shares issued to founders for services (i)	16,662,666	278,063
Shares issued as consideration for assets purchased (ii)	4,850,000	97,000
Shares issued - Private placement (iii)	800,000	18,422
Shares issued - Private placement (iv)	2,000,000	44,749
Shares issued upon exercise of warrants (v)	1,000,000	26,912
Shares issued for consulting services (vi)	200,000	35,033
Shares issued - Private placement, net of issuance costs (vii)	6,780,000	1,200,000
Shares issued - Private placements (viii)	20,664,500	3,046,974
Balance, December 31, 2014	52,957,166	$ 4,747,153

(i) On April 8, 2014, the Company issued 16,662,666 common shares to its founders for contributions made prior to the Company's incorporation.

(ii) On May 12, 2014, the Company issued 4,850,000 common shares as part of the consideration for the purchase of assets. (Note 8).

(iii) On May 13, 2014, the Company completed a non-brokered private placement for 800,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(iv) On September 2, 2014, the Company completed a non-brokered private placement for 2,000,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(v) On October 16, 2014, the Company issued 1,000,000 common shares for the exercise of warrants at $0.02 Canadian dollars. The exercise price was settled in exchange for legal service of $18,385.The warrants were issued for legal services provided by a law firm as discussed in note 12(i)

(vi) On November 20, 2014, the Company issued 200,000 common shares to a consultant for professional services rendered. The shares were issued at $0.20 Canadian dollars per share.

(vii) On November 10, 2014, the Company completed a brokered private placement for 6,780,000 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of November 10, 2017 and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $137,426 of the proceeds being allocated to warrants. The Company paid $96,000 in commissions and issued 542,400 warrants with an expiry date of November 10, 2017 and exercise price of $0.50 Canadian dollars per share related to proceeds from the private placement.

(viii) During the period between June 13 and November 28, 2014, the Company completed a series of non-brokered private placements for 20,664,500 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of 3 years from the subscription date and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $427,626 of the proceeds being allocated to warrants.

12. Warrant reserve

	Number of Warrants Issued	Weighted Average Exercise Price (Canadian dollars)	Amount
Opening balance	-		-
Warrants issued – legal fees (i)	1,000,000	$0.02	10,654
Warrants issued – consulting fees (ii)	853,000	$0.02	141,940
Warrants issued – legal fees (iii)	250,000	$0.20	21,588
Warrants issued – consulting fee (iv)	652,625	$0.20	53,867
Warrants issued – legal fees (v)	250,000	$0.20	20,635
Warrants issued – broker commissions (vi)	542,400	$0.50	22,336
Exercise of warrants	(1,000,000)	$0.02	(10,654)
Balance, December 31, 2014	2,548,025	$0.45	260,366

(i) On April 8, 2014, the Company issued 1,000,000 warrants for legal services provided by a law firm. The warrants have an expiry of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share.

(ii) On April 8, 2014, the Company issued 853,000 warrants for consulting fees for services provided by an individual. The warrants have an expiry period of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share

(iii) On July 17, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(iv) On October 29, 2014, the Company issued 652,625 warrants for investment consulting services provided by a consulting firm. The warrants have an expiry period of 3 years from the date of issuance and an exercise price of $0.20 Canadian dollars per common share.

(v) On November 5, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(vi) On November 20, 2014, the Company issued 542,400 warrants for commissions associated with the brokered private placement closed on November 10, 2014. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

The warrants were valued based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 to 5 years
Risk-free interest rate	Various between 1.13% to 1.44%
Dividend yield	0%
Foreign exchange rate	$0.8849 to $0.9242
Expected volatility	70%

(Expressed in U.S. dollars, unless otherwise stated)

13. Commitments

The Company and its subsidiaries entered into operating leasing agreements for its premises. Future lease payments amount to $226,588:

2015	$ 122,188
2016	86,400
2017	18,000
	$ 226,588

14. Related party transactions

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following expenses:

Salaries and benefits to executive management	$69,940
Consulting fees paid to officers of the Company	306,908
	$376,848

These transactions occurred in the normal course of operations of the Company and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. Capital management

The Company defines capital that it manages as its shareholders' equity, long-term debt and warrants liability. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at December 31, 2014, total managed capital was $2,388,194.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue shares, acquire debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

The Company expects the capital resources available will be sufficient to carry its business and operations through 2015.

16. Segmented disclosure

While the Company has locations in both in Canada and the United States of America, it manages its operations in one business segment. At December 31, 2014 all the Company's assets are located in the United States of America. All revenues are generated in the United States of America.

17. Financial instruments and risk management

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

(a) Fair value

Cash, accounts receivable, sales taxes recoverable and accounts payable and accrued liabilities, and subscriptions payable approximate their fair values because of the short-term maturities of these financial instruments.

The carrying value of long-term debt approximates fair value upon initial recognition and subsequent to that date it has been amortized using the effective interest rate method. At December 31, 2014, its carrying value approximates fair value based on current market rates for similar instruments.

The following classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are as follows:

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

The Company recognizes the warrants associated with the initial private placements during the year as financial liabilities designated as FVTPL where changes to fair value based on changes to the inputs are recognized in profit or loss. The estimated fair value of the warrants is categorized within Level 2 of the fair value hierarchy. Refer to note 10 for information regarding the valuation technique and inputs used to determine fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(b) Credit risk

The Company's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the Company's maximum credit exposure at December 31, 2014.

The Company's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the consolidated statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment. The Company does not have significant exposure to any individual customer and has estimated bad debts of $84,374.

17. Financial instruments and risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any interest rate volatility as its long-term debt instruments are carried at a fixed interest rate throughout their term.

(d) Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. To ensure the Company has sufficient liquidity to meet its obligations, the Company intends to issue common shares and debt in the future (see note 18 – Subsequent Events).

18. Earnings per share

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted loss per share.

19. Subsequent events

On January 30, 2015, the Company signed a Letter of Intent (the "LOI") with Longacre Resources Inc. ("Longacre"), a reporting issuer in the provinces of British Columbia and Alberta. The LOI contemplates the completion of a business combination between the two entities which will result in Golden Leaf being a wholly-owned subsidiary of Longacre (the "Resulting Issuer"). Common shares in the Resulting Issuer will be issued to the Company's shareholders on the basis of one Resulting Issuer share for each Golden Leaf share. Upon completion of the transaction, the Company's shareholders will have effective control over the Resulting Issuer, i.e. A Reverse Takeover Transaction ("RTO"). Completion of the transaction will also include a listing application for the Resulting Issuer to be listed as a publicly-traded company on the Canadian Securities Exchange.

On May 22, 2015, Longacre Resources Inc. ("Longacre") and Golden Leaf Holdings Inc. ("GLH") entered into a merger agreement (the "Merger Agreement") pursuant to which and subject to the satisfaction of certain conditions GLH agreed to amalgamate with Longacre wholly owned subsidiary 2470251 Ontario Inc. in order to form Amalco, a wholly owned subsidiary of the Issuer (the "Amalgamation").

The Company is in the final stages of the merger agreement with Longacre. Longacre proposes to acquire all of the issued and outstanding shares of the Company pursuant to a three-cornered amalgamation, whereby (i) Longacre will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with the Company, to form an amalgamated subsidiary of Longacre, and (ii) Longacre will issue common shares to the shareholders of the Company on a one-for-one basis. There are currently 775,000 common shares of Longacre issued and outstanding. On closing, including completion of a private placement financing, it is expected there will be 54,136,166 shares outstanding in the Company. As a result the amalgamation, there will be approximately 54,911,166 issued and outstanding common shares on an undiluted basis. In addition, Longacre expects to issue

19. Subsequent events (continued)

23,111,135 warrants, 4,250,000 options and an additional 1,000,000 shares to existing security holders of the Company

On April 1, 2015, the Company's subsidiary, Greenpoint Oregon Inc., signed a sublease agreement for a 96 acre property in the State of Oregon. The sublease has a term of 15 years and includes a purchase option to acquire the property that can only be exercised within year 3 of the sublease term. The purchase price of the option will either be the cost of the outstanding balance of the purchase price remaining to be paid by the landlord to the prior owner of the property, or the outstanding balance of the $3.1 million loan incurred by the landlord to purchase the property from the prior owner of the property plus the cost of any improvements to the property which were mutually agreed to by the landlord and the Company. Monthly base rent for the sublease was $27,841 and subject to annual increase adjustments based on the consumer price index.

The Aurora property sublease discussed above was terminated on June 30, 2015. Subsequently, the Company exercised the purchase option on August 11, 2015. The Company closed on the property September 28, 2015 with a purchase price of $3.3 million. The final purchase price is within the parameters of the original agreement. The financing for the new property is made up of a $1.5m secured promissory note with a fixed annual rate of 9%, $1.7m in convertible debentures with annual rates of 12%, and the remaining balance was cash paid by the Company. 145,000 warrants were issued with the debt financing at $1.00 U.S dollar. The property will serve as the main facility for the Oregon based grow and manufacturing operations, as well as the main campus for the corporate offices in the U.S. The purchase transaction was conducted under a newly formed entity, Greenpoint Real Estate, LLC.

During the period of February 1 to June 30, 2015, the Company completed a non-brokered private placement for 7,098,500 units at $1.00 U.S. per unit and generated proceeds of $6,922,691 net of issuance costs. Each unit includes one common share.

On March 11, 2015, the Company issued two convertible notes for $250,000 each. The convertible notes carry an annual interest rate of 8%, secured against certain assets of the Company, convertible at $1.00 U.S dollar per share. The note holders also received 50,000 warrants which entitles the note holder to purchase one common share at $1.00 U.S per share for each warrant. All outstanding balances including accrued interest are due on March 11, 2016.

On June 30, 2015, the Company issued 7,986,450 warrants to consultants for services rendered in private placements, research and development and marketing. The warrants have an expiry period of 3 – 5 years from date of issuance and each warrant entitles the holder to purchase 1 common share at an exercise price of ranging from $0.20 Canadian and $5.00 U.S dollar per share.

On January 1, 2015, the Company's Board of Directors approved a Directors, Management, Employees and Consultants Stock Option Plan. The total number of shares to be issued under the plan is not to exceed 10% of the total issued and outstanding shares. Under this plan, on January 1, 2015, the Company set aside 4,350,000 stock options to provide an incentive to its directors, executives and employees. The options are subject to vesting periods set by the Board of Directors and have an expiry period of no more than 10 years from the grant date. The exercise price for the options set by the Board at each grant date will not be lower than the highest price issued prior to the grant date.

(Expressed in U.S. dollars, unless otherwise stated)

19. Subsequent events (continued)

Of the total stock option plan units, at June 30, 2015, 3,300,000 stock options were issued with an exercise price of $0.20 Canadian dollars and 900,000 stock options were issued at an exercise price of $1.00 U.S. dollars. The remaining options were reserved for future hires. All the options vest evenly over 3 years and expire 3 years from the grant date.

Subsequent to June 30, 2015, the Company completed additional private placements and issued 2,247,000 additional shares at $1.00 U.S. An additional,222,220 share were awarded to executive management. 899,850 shares were issued at $1.00 U.S. for advisory and vendor services.

Also subsequent to June 30, 2015, the Company issued an additional 7,552,390 warrants related to services and investors, with an exercise prices of $1.00 U.S. dollar. The Company also expanded the Company's stock option plan to include an addition 1,245,000 options. These options were awarded to new hires, board members and consultants.

20. Taxation

The Company reconciles the expected income tax recovery (expense) at the combined USA and Canadian statutory income tax rate of 27.35% (USA-28.3%, Canada-26.3%) to the amounts recognized in the consolidated statement of operations.

The Company has estimated an income tax liability for 2014, as follows:

		2014
Loss before income taxes	$	(3,169,851)
Estimated tax recovery at combined rate of 27.35%		(867,037)
Losses not deductible under IRC S 280E in the US		504,362
Losses – benefits not realized in Canada		394,877
Income tax –current liability and expense	$	32,202

The Company had taxable income in the USA and has apportioned all of its US income to the State of Oregon and it had tax losses in Canada in 2014.

The tax rate in the State of Oregon is 6.6% which is deductible for US federal tax purposes. In aggregate, the estimated total US federal and state tax rate is approximately 28.3%. As the Company is subject to Internal Revenue Code Section 280E, the Company has computed its US tax on the basis of gross receipts less cost of goods sold. Although other expenses have been incurred to generate the sales revenue, Code Section 280E denies deductions and credits attributable to a trade or business of trafficking in controlled substances.

Internal Revenue Code ("IRC") Code 280E- Expenditures in connection with the illegal sale of drugs states:

"No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted."

20. Taxation (continued)

Although the production and sale of marijuana and related products for medical purposes is legal in the State of Oregon, it is still considered to be illegal from a perspective of Federal law.

The production and sale of marijuana and related products appears to fall into this IRC Code 280E. Case law shows that Cost of Sales have been permitted as deductions in determining taxable income. The tax provision for 2014 has been prepared based on the assumption Cost of Sales are a valid expense for income tax purposes.

The estimated tax losses incurred in Canada in 2014 was $1.4 Million. This non capital loss is available to be carried forward to be applied against taxable income earned in Canada over the next 20 years and expires in 2034. The deferred tax benefit of these tax losses has not been set up as an asset.

21. Restatement of previously issued financial statements

In the course of preparing the financial statements for the quarterly review June 30, 2015, a historical accounting issue was identified that affected the December 31, 2014 year ended financial statements. For the year ended December 31, 2014 the company accounted for the 13,722,250 warrants issued during private placements discussed in note 10 at the time issuance only. The warrants were also treated as an equity instrument. Due to the issuance of the warrants at an exercise price of $.50 Canadian dollars, the warrants are required to be re-classified as a liability per IAS 32. In addition, per IAS 39, the warrants are to be re-valued at each subsequent reporting period end based on changes in the risk-free rate, foreign exchange rate and reduction in the expected life of the warrants.

As part of the reissuance, the tax liability was also adjusted to reflect completed tax filings for the 2014 fiscal period.

The effects of these changes are summarized as follows:

a. An decrease in current liabilities at December 31, 2014 of $60,898
b. An increase in long term liabilities at December 31, 2014 of $507,607
c. A net decrease in shareholders' equity at December 31, 2014 of $446,709
d. A decrease in the net loss of $15,648 at December 31, 2014

The following tables summarize the impact of the restatement adjustments on the company's previously reported consolidated financial statements.

(Expressed in U.S. dollars, unless otherwise stated)

Consolidated Statement of Financial Position

December 31, 2014	As Reported	Adjustment	As Restated
Assets			
Current			
Cash	$600,078	-	$600,078
Account Receivable	358,987	-	358,987
Sales taxes recoverable	47,535	-	47,535
Biological assets	224,854	-	224,854
Inventory	534,986	-	534,986
Prepaid expenses and deposits	339,789	-	339,788
Total current assets	$2,106,228	-	$2,106,228
Property, plant, equipment	710,790	-	710,790
Intangible assets	40,000	-	40,000
Total assets	2,857,018	-	2,857,018
Liabilities			
Current			
Accounts payable and accrued liabilities	$380,794	-	$380,794
Income taxes payable	93,100	(60,898)	32,202
Subscriptions payable	40,000	-	40,000
Current portion of long-term debt	15,828	-	15,828
Total current liabilities	529,722	(60,898)	468,824
Long term debt	75,121		75,121
Warrants liability	-	507,607	507,607
Total liabilities	604,843	446,709	1,051,552
Shareholders' equity			
Share capital	4,747,153	-	4,747,153
Warrant reserve	722,723	(462,357)	260,366
Deficit	(3,217,701)	15,648	(3,202,053)
Total shareholders' equity	$2,252,175	(446,709)	1,805,466
Total liabilities and shareholders' equity	$2,857,018	-	$2,857,018

(Expressed in U.S. dollars, unless otherwise stated)

Consolidated Statement of Operations and Comprehensive Loss

Year ending December 31, 2014	As Reported	Adjustment	As Restated
Sales	$1,310,155	-	$1,310,155
Cost of goods sold	1,070,464	-	1,070,464
Gross profit	239,691	-	239,691
Expenses			
General and administrative	2,751,125	102,695	2,853,820
Sales and marketing	404,857	-	404,857
Write-down of inventory	141,280	-	141,280
Research and development	21,615	-	21,615
Amortization of property, plant and equipment	8,076	-	8,076
Total Expenses	3,326,953	102,695	3,429,648
Loss before undernoted items	(3,087,262)	(102,695)	(3,189,957)
Accretion and interest expense	15,271	-	15,271
Other loss (income)	22,068	(57,445)	(35,377)
Loss before income taxes	(3,124,601)	(45,250)	(3,169,851)
Income taxes (note 20)	93,100	(60,898)	32,202
Net loss and comprehensive loss	$(3,217,701)	$15,648	$(3,202,053)
Basic and diluted loss per share	$0.14	-	$ 0.14
Weighted average number of common shares outstanding	23,209,606	-	$ 23,209,606

Consolidated Statement of Shareholders' Equity

Balance, April 8, 2014	-	-	-
Issuance of common shares	$ 4,837,906	-	$ 4,837,906
Share issuance costs	(117,665)	-	(117,665)
Issuance of warrants	731,250	(460,230)	271,020
Exercise of warrants for common shares	18,385	(2,127)	16,258
Net loss and comprehensive loss for the period	(3,217,701)	15,648	(3,202,053)
Balance at December 31, 2014	$ 2,252,175	$ (446,709)	$ 1,805,466

(Expressed in U.S. dollars, unless otherwise stated)

Consolidated Statement of Cash Flows

Year ending December 31, 2014	As Reported	Adjustment	As Restated
Cash provided by (used in):			
Operating activities:			
Net loss	$(3,217,701)	$118,343	$(3,202,053)
Amortization of property, plant and equipment	8,076	-	8,076
Accretion and interest expense	9,914	-	9,914
Write-down of inventory	141,280	-	141,280
Non-cash expense	476,013	-	476,013
Gain on FV adjustment to Warrants Liability	-	(57,445)	(57,445)
Changes in non-cash working capital items			
Accounts receivable	(358,987)		(358,987)
Sales taxes recoverable	(47,535)	-	(47,535)
Accounts payable and accrued liabilities	380,794	-	380,794
Income taxes payable	93,100	(60,898)	32,202
Biological assets	(355,499)	-	(355,499)
Inventory	(521,174)	-	(521,174)
Prepaid expenses and deposits	(246,300)	-	(246,300)
Cash used in operating activities	$(3,638,019)	-	$(3,638,019)
Investing activities:			
Payment for property, plant and equipment	(93,488)	-	(93,488)
Purchase for property, plant and equipment	(564,554)	-	(564,554)
Cash used in investment activities	$(658,042)	-	$(658,042)
Financing activities:			
Issuance of common shares	4,992,862	-	4,992,862
Payment of share issuance cost	(96,000)	-	(96,000)
Payment of capital lease obligations	(723)	-	(723)
Proceeds from related party loan	212,500	-	212,500
Repayment of related party loan	(212,500)	-	(212,500)
Cash provided by financing activities	$4,896,139	-	$4,896,139
Increase of cash during the period	600,078	-	600,078
Cash, beginning of period	-	-	-
Cash, end of period	600,078	-	600,078

Interim Condensed Consolidated Financial Statements of

GOLDEN LEAF HOLDINGS INC.

For the three months ended March 31, 2015 (Unaudited)

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Financial Statements (Unaudited)
(Expressed in U.S. Dollars)
For the three month period ended March 31, 2015

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at March 31, 2015 and December 31, 2014
(Expressed in U.S. dollars)

	March 31, 2015 (restated – Note 22)	December 31, 2014 (restated – Note 23)
Assets		
Current		
Cash	$ 220,185	$ 600,078
Accounts receivable (note 6)	659,376	358,987
Sales taxes recoverable	55,439	47,535
Biological assets (note 7)	310,824	224,854
Inventory (note 7)	694,283	534,986
Prepaid expenses and deposits	192,360	339,788
Total current assets	2,132,467	2,106,228
Property, plant and equipment (note 8)	1,110,569	710,790
Intangible assets	40,000	40,000
Total assets	$ 3,283,036	$ 2,857,018
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 467,177	$ 380,794
Income taxes payable (note 20)	198,460	32,202
Subscriptions payable	180,012	40,000
Current portion of long-term debt (note 10)	16,214	15,828
Convertible notes payable (note 9)	501,828	-
Total current liabilities	1,363,691	468,824
Long-term debt (note 10)	71,600	75,121
Warrants liability (note 11)	9,351,210	507,607
Total liabilities	$ 10,786,501	$ 1,051,552
Shareholders' equity (deficiency)		
Share capital (note 12)	$ 4,891,744	$ 4,747,153
Warrant reserve (note 13)	583,064	260,366
Stock options reserve (note 14)	25,075	-
Contributed surplus (note 12)	59,940	-
Deficit	(13,063,288)	(3,202,053)
Total shareholders' equity (deficiency)	(7,503,465)	1,805,466
Total liabilities and shareholders' equity (deficiency)	$ 3,283,036	$ 2,857,018

Going Concern (note 2)
Commitments (note 14)
Subsequent Events (note 21)

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Operations and Comprehensive Loss (Unaudited)
For the three month period ended March 31, 2015
(Expressed in U.S. dollars)

	For the three month period ended March 31, 2015
Sales	$ 1,483,420
Cost of goods sold	849,205
Gross profit	634,215
Expenses	
General and administrative	768,316
Sales and marketing	223,347
Research and development	75,787
Professional fees related to warrants	322,697
Amortization of property, plant and equipment	12,642
Total expenses	1,402,789
Loss before undernoted items	(768,574)
Accretion and interest expense	7,509
Other loss (note 11)	8,841,892
Loss before income taxes	(9,617,975)
Income taxes (note 20)	243,260
Net loss and comprehensive loss	$ (9,861,235)
Basic and diluted loss per share	$ (0.19)
Weighted average number of common shares outstanding	52,489,288

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficiency) (Unaudited)
For the three month period ended March 31, 2015
(Expressed in U.S. dollars)

	Share Capital	Warrant Reserve	Stock Options Reserve	Contributed Surplus	Deficit	Total
Balance, December 31, 2014	$ 4,747,153	$ 260,366	-	-	$ (3,202,053)	$ 1,805,466
Issuance of common shares (note 12)	221,000	-	-	-	-	221,000
Share issuance costs (note 12)	(16,469)	-	-	-	-	(16,469)
Issuance of warrants (note 12, 13)	-	322,698	-	-	-	322,698
Issuance of share-based compensation (note 14)	-	-	25,075	-	-	25,075
Shares cancellation (note 12)	(59,940)	-	-	59,940	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(9,861,235)	(9,861,235)
Balance, March 31, 2015	$ 4,891,744	$ 583,064	$ 25,075	$ 59,940	$ (13,063,288)	$ (7,503,465)

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the three month period ended March 31, 2015
(Expressed in US dollars)

	For the three month period ended March 31, 2015
Cash provided by (used in):	
Operating activities:	
Net loss	$ (9,861,235)
Amortization of property, plant and equipment	12,642
Accretion and interest expense	6,875
Share-based compensation	25,075
Non-cash expenses	243,626
Loss on fair value adjustment to warrants liability (note 11)	8,837,465
Changes in non-cash working capital items	
Accounts receivable	(300,389)
Sales taxes recoverable	(7,904)
Accounts payable and accrued liabilities	164,289
Income taxes payable	166,258
Inventory	(26,523)
Biological assets	(85,970)
Prepaid expenses and deposits	15,234
Cash used in operating activities	(810,557)
Investing activities:	
Purchase of property, plant and equipment	(413,002)
Cash used in investment activities	(413,002)
Financing activities:	
Issuance of common shares	221,000
Payment of share issuance costs	(13,526)
Proceeds from subscriptions payable	140,012
Issuance of convertible notes payable	500,000
Repayment of long-term debt	(3,820)
Proceeds from related party loan	150,000
Repayment of related party loan	(150,000)
Cash provided by financing activities	843,666
Decrease in cash during the period	(379,893)
Cash, beginning of period	600,078
Cash, end of period	$ 220,185

<u>Non-cash items from financing activities:</u>

Warrants issued for services	$ 244,792
Shares cancelled through contributed surplus	$ 59,940

See accompanying notes to interim condensed consolidated financial statements.

1. Incorporation and operations

Golden Leaf Holdings Inc. ("Golden Leaf" or the "Company") was incorporated under the laws of the Canada Business Corporations Act on April 8, 2014 and began operations on July 1, 2014. The Company carries on the business of growing, processing and distribution of medical cannabis products in the State of Oregon in the United States of America ("USA"). The Company's corporate office is at 400-1235 Bay St., Toronto, Ontario Canada M5R 3K4 and its principal place of business is at 400-517 SW 4th Ave., Portland, Oregon USA 97204.

2. Going concern assumption

The interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The going concern basis of presentation assumes that Golden Leaf will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has funded its cash requirements since commencement of operations in July 2014 through the issuance of common shares and a related party loan. The Company has generated sales of $1.5 million for the three month period ending March 31, 2015. To fund its future working capital needs and expansion plans the Company anticipates the issuance of additional common shares or debt through various rounds of private placements. On January 31, 2015, the Company signed a Letter of Intent (the "LOI") with Longacre Resources Inc. ("Longacre"), a reporting issuer in the provinces of British Columbia and Alberta. The Letter of Intent contemplates a reverse-takeover transaction ("RTO") such that the Company will take over control and the listing status of Longacre (see Note 21). This transaction will provide the Company with another option to access capital to fund future growth and working capital.

Since inception in April 2014 to March 31, 2015, the Company completed two private placements which generated gross proceeds of $4,951,684 and $500,000 in convertible notes (see Note 9 and 11). Cancelled shares during the first quarter of 2,997,000 do not impact gross proceeds (see Note 11). Subsequent to quarter end, the Company completed a private placement which generated gross proceeds of $3,495,000 (see Note 21). In management's view, even though operations show an accumulated deficit of $12.9 million since inception, the proceeds from the private placements provides sufficient working capital and liquidity for the company to continue as a going concern for the next year.

These interim condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

The assessment of the validity of the going concern assumption requires significant judgment by management relating to the Company's ability to achieve profitable operations, raise debt and/or equity financing in the future and meet its obligations as they come due.

3. Statement of compliance

These interim condensed consolidated financial statements for the three month period ended March, 31, 2015 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the period from April 8, 2014 (date of incorporation) to December 31, 2014. The interim condensed consolidated financial statements should be read in conjunction with the December 31, 2014 financial statements (as restated), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

4. Basis of presentation

Except where specified, the interim condensed consolidated financial statements have been prepared in U.S. dollars, which are the Company's functional currency, on a historical cost basis. The accounting policies set out below have been applied to all accounting periods. March 31, 2015 comparative figures for the statements of operations and comprehensive loss and cash flows have not been presented as the Company was incorporated subsequent to March 31, 2014.

5. Significant accounting policies

Basis of consolidation
The Company consolidates the financial statements of the following wholly owned subsidiaries:

- Golden Leaf US Inc. (a Delaware incorporated company)
- Golden Leaf Oregon Inc. (an Oregon incorporated company)
- Golden Leaf Oregon Distribution Inc. (an Oregon incorporated company)
- GL Management Inc. (a Nevada incorporated company)

During the period ended December 31, 2014, the Company completed the following name changes for the same subsidiaries, respectively:

- Greenpoint Holdings Delaware Inc.
- Greenpoint Oregon Inc.
- Left Coast Connections Inc.
- GP Management Inc.

In addition, a new subsidiary, Greenpoint Science Ltd. (a company incorporated in Israel), was formed during the period ended March 31, 2015.

All inter-company transactions and balances with subsidiaries have been eliminated. All companies have the same reporting period.

The preparation of the Company's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

(Expressed in U.S. dollars, unless otherwise stated)

6. Accounts receivable

	March 31, 2015	December 31, 2014
Accounts receivable	$ 743,750	$ 443,361
Allowance for doubtful accounts	(84,374)	(84,374)
	$ 659,376	$ 358,987

Bad debts expense for the period is $84,374 (December 31, 2014 - $84,374) and has been included in general and administrative expenses.

7. Biological assets and inventory

The Company's biological assets consist of cannabis flower that is cultivated at the Company's own grow facility. Inventory consists of concentrates products such as oils and edibles. Any costs incurred to bring the biological assets and inventory to the condition and location of sale are included in cost. The following provides a summary of the various costs incurred in key stages of production:

	Biological Assets	Inventory
Raw materials	-	230,969
Work-in-process	206,265	191,420
Finished goods	18,589	112,597
December 31, 2014	$ 224,854	$ 534,986
Raw materials	-	335,616
Work-in-process	259,897	185,848
Finished goods	50,927	172,819
March 31, 2015	$ 310,824	$ 694,283

8. Property, plant and equipment

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture and Fixtures	Vehicles	Total
Cost						
Balance Dec 31, 2014	312,795	231,377	63,547	41,835	103,672	753,226
Additions	220,733	171,039	29,182	18,220	-	439,174
Balance Mar 31, 2015	533,528	402,416	92,729	60,055	103,672	1,192,400

(Expressed in U.S. dollars, unless otherwise stated)

8. Property, plant and equipment (continued)

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Amortization						
Balance Dec 31, 2014	(23,540)	(11,309)	(4,305)	(1,554)	(1,728)	(42,436)
Additions	(19,579)	(7,465)	(5,603)	(1,570)	(5,178)	(39,395)
Balance Mar 31, 2015	(43,119)	(18,774)	(9,908)	(3,124)	(6,906)	(81,831)
Carrying Amount						
Balance Dec 31, 2014	289,255	220,068	59,242	40,281	101,944	710,790
Balance Mar 31, 2015	490,409	383,642	82,821	56,931	96,766	1,110,569

Included in leasehold improvements are additions of $91,918 of the retail facility in Portland, Oregon that is not amortized as the facility has not yet commenced operations as of March 31, 2015. The Company's long-term debt of $87,814 is secured by its vehicles.

Total depreciation expense for the three month period ending March 31, 2015 was $39,395 of which $26,753 was allocated to inventory.

9. Convertible notes payable

On March 12, 2015, the Company issued two convertible notes. The principal amounts are $250,000 each, with a rate of 8% per annum. The maturity dates of the notes are March 9, 2016 and March 11, 2016 respectively. Prepayment is allowed without penalty. The convertible notes also provide for a conversion option, in whole or in part, within the loan term at $1 U.S. dollar per share. The notes payable also provided for 25,000 warrants to each of the holders at inception, at $1.00 U.S dollar per common share. Interest payments are due September 9 and 21, 2015 respectively, and at settlement.

Per IAS 32, the Company assessed the fair value of the debt at inception. Since the fair value of the debt was nearly equivalent to the face value of the notes payable, the amount available to allocate to the equity components, the conversion option and the warrants, was nominal and not recognized separately.

	March 31, 2015	December 31, 2014
Proceeds from issuance of convertible notes	$ 500,000	$ -
Accretion and interest expense	1,828	-
Carrying amount of convertible note at March 31, 2015	$ 501,828	$ -

(Expressed in U.S. dollars, unless otherwise stated)

10. Long-term debt

		March 31, 2015		December 31, 2014
Vehicle loans bearing annual interest of 5.74%, secured by the Company's vehicles, due November 28, 2020, repayable in monthly blended instalments of $1,511.				
Long term debt	$	87,814	$	90,949
Less: current portion		(16,214)		(15,828)
Long term portion	$	71,600	$	75,121

11. Warrants liability

During the period between June 13 and November 28, 2014, the Company issued 13,722,250 warrants in conjunction with private placements pertaining to (vii) and (viii) in Note 12. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

The warrants were valued at $565,052 at the time of issuance. Per IAS 39, the warrants issued under these placements meet the definition of a derivative and must be measured at fair value at each reporting date. At March 31, 2015, a loss of $8,837,465 was recorded into Other Loss due to significant changes in the year end risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants. At December 31, 2014, a gain of $57,445 was recorded in Other Income due to changes in the year end risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants. The Black-Scholes option pricing model was used at the date of measurement with the following assumptions:

	March 31, 2015	December 31, 2014
Expected life	3 years	2.8 to 2.9 years
Risk-free interest rate	1.13%	1.21%
Dividend yield	0%	0%
Foreign exchange rate	$0.8950	$0.8599
Expected volatility	70%	70%

During the first quarter of 2015, the Company entered into a loan with a related party, as discussed in Note 16. In lieu of interest, the Company issued 5,000 warrants at $0.20 Canadian dollars. The warrants were valued at $4,272 at the time of issuance and recorded as interest expense. The Black-Scholes option pricing model was used at the date of measurement with the following assumptions:

Expected life	3 years
Risk-free interest rate	0.57%
Dividend yield	0%
Expected volatility	70%

At March 31, 2015 the change to the fair value of the liability was immaterial due to insignificant changes during the period to the risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants.

(Expressed in U.S. dollars, unless otherwise stated)

12. Share capital

Authorized - An unlimited number of common shares at no par value.

The following table reflects the continuity of share capital from April 8, 2014 (date of incorporation) to March 31, 2015:

	Number of Shares	Amount
Opening balance at April 8, 2014	-	$ -
Shares issued to founders for services (i)	16,662,666	278,063
Shares issued as consideration for assets purchased (ii)	4,850,000	97,000
Shares issued - Private placement (iii)	800,000	18,422
Shares issued - Private placement (iv)	2,000,000	44,749
Shares issued upon exercise of warrants (v)	1,000,000	26,912
Shares issued for consulting services (vi)	200,000	35,033
Shares issued - Private placement, net of issuance costs (vii)	6,780,000	1,200,000
Shares issued - Private placements (viii)	20,664,500	3,046,974
Balance, December 31, 2014	52,957,166	$ 4,747,153
Shares issued – Private placements (ix)	221,000	204,531
Shares cancelled (x)	(2,997,000)	(59,940)
Balance, March 31, 2015	50,181,166	$ 4,891,744

(i) On April 8, 2014, the Company issued 16,662,666 common shares to its founders for contributions made prior to the Company's incorporation.

(ii) On May 12, 2014, the Company issued 4,850,000 common shares as part of the consideration for the purchase of assets (Note 8).

(iii) On May 13, 2014, the Company completed a non-brokered private placement for 800,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(iv) On September 2, 2014, the Company completed a non-brokered private placement for 2,000,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(v) On October 16, 2014, the Company issued 1,000,000 common shares for the exercise of warrants at $0.02 Canadian dollars. The exercise price was settled in exchange for legal service of $18,385.The warrants were issued for legal services provided by a law firm as discussed in note 13(i).

(vi) On November 20, 2014, the Company issued 200,000 common shares to a consultant for professional services rendered. The shares were issued at $0.20 Canadian dollars per share.

(vii) On November 10, 2014, the Company completed a brokered private placement for 6,780,000 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of November 10, 2017 and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $137,426 of the proceeds being allocated to warrants. The Company paid $96,000 in commissions and issued 542,400 warrants with an expiry date of November 10, 2017 and exercise price of $0.50 Canadian dollars per share related to proceeds from the private placement.

12. Share capital (continued)

(viii) During the period between June 13 and November 28, 2014, the Company completed a non-brokered private placements for 20,664,500 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of 3 years from the subscription date and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $427,626 of the proceeds being allocated to warrants.

(ix) In February 2015, the Company initiated a second round of private placements. 221,000 common shares were issued at $1.00 US dollars per share during the month. The company paid $16,469 in issuance costs related to these shares.

(x) The Company's board cancelled 2,997,000 shares related to an agreement with a company that was to provide services in exchange for shares. The company failed to deliver these services. The board resolution to cancel the shares was ratified March 15, 2015. The value for the cancelled shares was $59,940 and has been recorded in contributed surplus.

13. Warrant reserve

	Number of Warrants Issued	Weighted Average Exercise Price (Canadian dollars)	Amount
Opening balance	-		-
Warrants issued – legal fees (i)	1,000,000	$0.02	$10,654
Warrants issued – consulting fees (ii)	853,000	$0.02	141,940
Warrants issued – legal fees (iii)	250,000	$0.20	21,588
Warrants issued – consulting fee (iv)	652,625	$0.20	53,867
Warrants issued – legal fees (v)	250,000	$0.20	20,635
Warrants issued – broker commissions (vi)	542,400	$0.50	22,336
Exercise of warrants	(1,000,000)	$0.02	(10,654)
Balance, December 31, 2014	2,548,025		$260,366
Warrants issued – consulting fees (vii)	4,075,000	$0.20	$322,698
Balance, March 31, 2015	6,623,025		$583,064

(i) On April 8, 2014, the Company issued 1,000,000 warrants for legal services provided by a law firm. The warrants have an expiry of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share.

(ii) On April 8, 2014, the Company issued 853,000 warrants for consulting fees for services provided by an individual. The warrants have an expiry period of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share.

(iii) On July 17, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(iv) On October 29, 2014, the Company issued 652,625 warrants for investment consulting services provided by a consulting firm. The warrants have an expiry period of 3 years from the date of issuance and an exercise price of $0.20 Canadian dollars per common share.

(Expressed in U.S. dollars, unless otherwise stated)

13. Warrant reserve (continued)

(v) On November 5, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(vi) On November 20, 2014, the Company issued 542,400 warrants for commissions associated with the brokered private placement closed on November 10, 2014. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

(vii) During the three months ending March 31, 2015, the company issued 4,075,000 warrants. These warrants were issued for consulting services related to the private placements, research and development, and marketing. The expense related to these professional fees is $322,698. These warrants have an exercise price of $0.20 Canadian.

The warrants were valued based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 to 5 years
Risk-free interest rate	Various between 0.57% to 1.44%
Dividend yield	0%
Expected volatility	70%

14. Stock Option Plan

On January 1, 2015, the Company's Board of Directors approved a Directors, Management, Employees and Consultants Stock Option Plan. The total number of shares to be issued under the plan is not to exceed 10% of the total issued and outstanding shares. Under this plan, on January 1, 2015, the Company set aside 4,350,000 stock options to provide an incentive to its directors, executives and employees. The options are subject to vesting periods set by the Board of Directors and have an expiry period of no more than 10 years from the grant date. The exercise price for the options set by the Board at each grant date will not be lower than the highest price issued prior to the grant date.

Of the total options, 3,300,000 stock options were issued with an exercise price of $0.20 Canadian dollars and 900,000 stock options were issued at an exercise price of $1.00 U.S. dollars. The remaining options were reserved for future hires. All the options vest evenly over 3 years and expire 3 years from the grant date.

Total number of options at December 31, 2014	-
Number options granted at $0.20 Canadian dollars	
Options granted on January 1, 2015, expires January 1, 2018	3,250,000
Options granted on January 26, 2015, expires January 26, 2018	50,000
Number of options granted at $1.00 U.S. dollars	
Options granted on February 19, 2015, expires February 19, 2018	200,000
Options granted on March 1, 2015, expires March 1, 2018	200,000
Options granted on March 23, 2015, expires March 23, 2018	450,000
Options granted on March 31, 2015, expires March 31, 2018	50,000
Total number of options at March 31, 2015	4,200,000

14. Stock Option Plan (continued)

Number of exercisable options issued in Canadian dollars	280,594
Number of exercisable options issued in U.S. dollars	16,438

Weighted average exercise price of options at December 31, 2014		-
Weighted average exercise price of options at March 31, 2015 in U.S. dollars	$	0.21

The options were valued based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 years
Risk-free interest rate	Various between 0.57% to 0.80%
Dividend yield	0%
Expected volatility	70%

The value attributed to the 4,200,000 stock options expensed as shared based compensation was $25,075 in the three month period ended March 31, 2015.

15. Commitments

The Company and its subsidiaries entered into operating leasing agreements for its premises. Future lease payments amount to $202,040:

2015	$	97,640
2016		86,400
2017		18,000
	$	202,040

In addition, the Company's subsidiary, Greenpoint Oregon Inc., entered into a sublease agreement on April 1, 2015 for a 96 acre property in the State of Oregon. The sublease has a term of 15 years and includes a purchase option to acquire the property that can only be exercised within year 3 of the sublease term. The purchase price of the option will either be the cost of the outstanding balance of the purchase price remaining to be paid by the landlord to the prior owner of the property, or the outstanding balance of the $3.1 million loan incurred by the landlord to purchase the property from the prior owner of the property plus the cost of any improvements to the property which were mutually agreed to by the landlord and the Company. Monthly base rent for the sublease is $27,841 and subject to annual increase adjustments based on the consumer price index.

(Expressed in U.S. dollars, unless otherwise stated)

16. Related party transactions

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following expenses:

Salaries and benefits to executive management	$	234,250
Consulting fees paid to officers of the Company		30,000
	$	264,250

These transactions occurred in the normal course of operations of the company and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the first quarter, a loan for $150,000 was received from an employee. The loan was repaid during the same period. The employee was issued 5,000 warrants and no additional interest was charged for the loan. The warrants issued are within the totals disclosed in note 11.

As at March 31, 2015 there was a total of $95,019 in accrued expenses due to the Company's Chief Executive Officer. Of that amount, $26,198 related to prior period consulting fees and expenses, and the balance was related to a bonus awarded by the board for performance.

17. Capital management

The Company defines capital that it manages as its shareholders' equity, long-term debt and warrants liability. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at March 31, 2015, total managed capital was $1,919,345.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue shares, acquire debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

The Company expects the capital resources available will be sufficient to carry its business and operations through 2015.

18. Segmented disclosure

While the Company has locations in both in Canada and the United States of America, it manages its operations in one business segment. At March 31, 2015, all the Company's assets are located in the United States of America. All revenues are generated in the United States of America.

19. Financial instruments and risk management

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

(a) Fair value

Cash, accounts receivable, sales taxes recoverable and accounts payable and accrued liabilities and subscriptions payable approximate their fair values because of the short-term maturities of these financial instruments.

The carrying value of long-term debt approximates fair value upon initial recognition and subsequent to that date it has been amortized using the effective interest rate method. At March 31, 2015, its carrying value approximates fair value based on current market rates for similar instruments.

The following classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are as follows:

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

The Company recognizes the warrants associated with the initial private placements during the year as financial liabilities designated as FVTPL where changes to fair value based on changes to the inputs are recognized in profit or loss. The estimated fair value of the warrants is categorized within Level 2 of the fair value hierarchy. Refer to note 11 for information regarding the valuation technique and inputs used to determine fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(b) Credit risk

The Company's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the Company's maximum credit exposure at March 31, 2015.

The Company's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the consolidated statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment. The Company does not have significant exposure to any individual customer and has estimated bad debts of $84,374 at March 31, 2015.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any interest rate volatility as its long-term debt instruments are carried at a fixed interest rate throughout their term.

(Expressed in U.S. dollars, unless otherwise stated)

19. Financial instruments and risk management (continued)

(d) Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. To ensure the Company has sufficient liquidity to meet its obligations, the Company intends to issue common shares and debt in the future (see note 21 – Subsequent Events).

20. Taxation

The Company reconciles the expected income tax recovery (expense) at the combined USA and Canadian statutory income tax rate of 29.4% (USA-28.3%, Canada-26.3%) to the amounts recognized in the consolidated statement of operations.

The Company has estimated an income tax liability for the three month period ended March 31, 2015, as follows:

	March 31, 2015
Loss before income taxes	$ (9,617,975)
Estimated tax recovery at combined rate of 26.8%	(2,575,928)
Losses – benefits not realized in Canada	2,428,306
Losses not deductible under IRC S 280E in the U.S.	390,882
Income tax – current liability and expense	$ 243,260

The income tax liability also includes a provision of $32,202 2014 U.S. Federal and State of Oregon taxes. The Company made an installment payment of $77,000 during the period for 2014 Federal taxes. This is in excess of amounts due so the balance was applied as an installment payment for 2015 Federal quarterly taxes.

The Company had taxable income in the USA and has apportioned all of its US income to the State of Oregon and it had tax losses in Canada in 2014.

The tax rate in the State of Oregon is 6.6% which is deductible for US federal tax purposes. In aggregate, the estimated total US federal and state tax rate is approximately 28.3%. As the Company is subject to Internal Revenue Code Section 280E, the Company has computed its US tax on the basis of gross receipts less cost of goods sold. Although other expenses have been incurred to generate the sales revenue, Code Section 280E denies deductions and credits attributable to a trade or business of trafficking in controlled substances.

Internal Revenue Code ("IRC") Code 280E – Expenditures in connection with the illegal sale of drugs states:

"No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted."

Although the production and sale of marijuana and related products for medical purposes is legal in the State of Oregon, it is still considered to be illegal from a perspective of Federal law.

20. Taxation (continued)

The production and sale of marijuana and related products appears to fall into this IRC Code 280E. Case law shows that Cost of Goods Sold has been permitted as deduction in determining taxable income. The tax provision for 2015 has been prepared based on the assumption Cost of Sales is a valid expense for income tax purposes.

As at March 31, 2015, the Company has Canadian non-capital losses of $1,600,000. This non capital loss is available to be carried forward, to be applied against taxable income earned in Canada over the next 20 years and expires in 2035. The deferred tax benefit of these tax losses has not been set up as an asset.

21. Subsequent events

On May 22, 2015, Longacre Resources Inc. (“Longacre”) and Golden Leaf Holdings Inc. (“GLH”) entered into a merger agreement (the “Merger Agreement”) pursuant to which and subject to the satisfaction of certain conditions GLH agreed to amalgamate with Longacre wholly owned subsidiary 2470251 Ontario Inc. in order to form Amalco, a wholly owned subsidiary of the Issuer (the “Amalgamation”).

The Company is in the final stages of the merger agreement with Longacre. Longacre proposes to acquire all of the issued and outstanding shares of the Company pursuant to a three-cornered amalgamation, whereby (i) Longacre will incorporate a new Ontario subsidiary (“Subco”) which will amalgamate with the Company, to form an amalgamated subsidiary of Longacre, and (ii) Longacre will issue common shares to the shareholders of the Company on a one-for-one basis. There are currently 775,000 common shares of Longacre issued and outstanding. On closing, including completion of a private placement financing, it is expected there will be 54,136,166 shares outstanding in the Company. As a result the amalgamation, there will be approximately 54,911,166 issued and outstanding common shares on an undiluted basis. In addition, Longacre expects to issue 23,111,135 warrants, 4,250,000 options and an additional 1,000,000 shares to existing security holders of the Company

On April 1, 2015, the Company’s subsidiary, Greenpoint Oregon Inc., signed a sublease agreement for a 96 acre property in the State of Oregon. The sublease has a term of 15 years and includes a purchase option to acquire the property that can only be exercised within year 3 of the sublease term. The purchase price of the option will either be the cost of the outstanding balance of the purchase price remaining to be paid by the landlord to the prior owner of the property, or the outstanding balance of the $3.1 million loan incurred by the landlord to purchase the property from the prior owner of the property plus the cost of any improvements to the property which were mutually agreed to by the landlord and the Company. Monthly base rent for the sublease was $27,841 and subject to annual increase adjustments based on the consumer price index.

The Aurora property sublease discussed above was terminated on June 30, 2015. Subsequently, the Company exercised the purchase option on August 11, 2015. The Company closed on the property September 28, 2015 with a purchase price of $3.3 million. The final purchase price is within the parameters of the original agreement. The financing for the new property is made up of a $1.5m secured promissory note with a fixed annual rate of 9%, $1.7m in convertible debentures with annual rates of 12%, and the remaining balance was cash paid by the Company. 145,000 warrants were issued with the debt financing at $1.00 U.S dollar. The property will serve as the main facility for the Oregon based grow and manufacturing operations, as well as the main campus for the corporate offices in the U.S. The purchase transaction was conducted under a newly formed entity, Greenpoint Real Estate, LLC.

21. Subsequent events (continued)

During the period of March 31 to June 30, 2015, the Company completed a non-brokered private placement for 7,098,500 units at $1.00 U.S. per unit and generated proceeds of $6,922,691 net of issuance costs. Each unit includes one common share.

By June 30, 2015, the Company issued 3,911,450 warrants to consultants for services rendered in private placements, research and development and marketing. The warrants have an expiry period of 3 – 5 years from date of issuance and each warrant entitles the holder to purchase 1 common share at an exercise price of ranging from $0.20 Canadian and $5.00 U.S dollar per share.

On January 1, 2015, the Company's Board of Directors approved a Directors, Management, Employees and Consultants Stock Option Plan. The total number of shares to be issued under the plan is not to exceed 10% of the total issued and outstanding shares. Under this plan, on January 1, 2015, the Company set aside 4,350,000 stock options to provide an incentive to its directors, executives and employees. The options are subject to vesting periods set by the Board of Directors and have an expiry period of no more than 10 years from the grant date. The exercise price for the options set by the Board at each grant date will not be lower than the highest price issued prior to the grant date.

Of the total stock option plan units, at June 30, 2015 150,000 more stock options were issued with an exercise price of $1.00 U.S. dollars. All the options vest evenly over 3 years and expire 3 years from the grant date.

Subsequent to June 30, 2015, the Company completed additional private placements and issued 2,247,000 additional shares at $1.00 U.S. An additional 222,220 shares were awarded to executive management. 899,850 shares were issued at $1.00 U.S. for advisory and vendor services.

Also subsequent to June 30, 2015, the Company issued an additional 7,552,390 warrants related to services and investors, with an exercise prices of $1.00 U.S. dollar. The Company also expanded the Company's stock option plan to include an addition 1,245,000 options. These options were awarded to new hires, board members and consultants.

22. Restatement of previously issued financial statements

In the course of preparing the financial statements for the quarterly review June 30, 2015, a historical accounting issue was identified that affected the interim condensed consolidated March 31, 2015 period end financial statements.

For the year ended December 31, 2014 the company accounted for the 13,722,250 warrants issued during private placements discussed in note 11 at the time issuance only. The warrants were also treated as an equity instrument. Due to the issuance of the warrants at an exercise price of $.50 Canadian dollars, the warrants are required to be re-classified as a liability per IAS 32. In addition, per IAS 39, the warrants are to be re-valued at each subsequent reporting period end based on changes in the risk-free rate, foreign exchange rate and reduction in the expected life of the warrants.

22. Restatement of previously issued financial statements (continued)

The effects of these changes to interim condensed consolidated March 31, 2015 are summarized as follows:

a. A decrease in current liabilities at March 31, 2015 of $57,472
b. An increase in long term liabilities at March 31, 2015 of $9,351,210
c. A net decrease in shareholders' equity at December 31, 2014 of $9,293,738
d. An increase in the net loss of $9,054,282 at December 31, 2014

The following tables summarize the impact of the restatement adjustments on the company's previously reported consolidated financial statements.

(Expressed in U.S. dollars, unless otherwise stated)

22. Restatement of previously issued financial statements (continued)

Consolidated Statement of Financial Position

March 31st, 2015	As Reported	Adjustment	As Restated
Assets			
Current			
Cash	$220,185	-	$220,185
Account Receivable	659,376	-	659,376
Sales taxes recoverable	55,439	-	55,439
Biological assets	310,824	-	310,824
Inventory	694,283	-	694,283
Prepaid expenses and deposits	192,360	-	192,360
Total current assets	2,132,467	-	2,132,467
Property, plant, equipment	1,110,569	-	1,110,569
Intangible assets	40,000	-	40,000
Total assets	$3,283,036	-	$3,283,036
Liabilities			
Current			
Accounts payable and accrued liabilities	$484,491	$(17,314)	$467,177
Income taxes payable	256,505	(58,045)	198,460
Subscriptions payable	180,012	-	180,012
Current portion of long-term debt	16,214	-	16,214
Convertible notes payable (note 9)	483,941	17,887	501,828
Total current liabilities	1,421,163	(57,472)	1,363,691
Long term debt	71,600	-	71,600
Warrants liability	-	9,351,210	9,351,210
Total liabilities	$1,492,763	$ 9,293,738	$10,786,501
Shareholders' equity (deficiency)			
Share capital	4,891,744	-	4,891,744
Warrant reserve	841,713	(258,649)	583,064
Stock option reserve	21,530	3,545	25,075
Contributed surplus	59,940	-	59,940
Deficit	(4,024,654)	(9,038,634)	(13,063,288)
Total shareholders' equity (deficiency)	$1,790,273	($9,293,738)	($7,503,465)
Total liabilities and shareholders' equity (deficiency)	$3,283,036	-	$3,283,036

(Expressed in U.S. dollars, unless otherwise stated)

22. Restatement of previously issued financial statements (continued)

Consolidated Statement of Operations and Comprehensive Loss

Year ending March 31st, 2015	As Reported	Adjustment	As Restated
Sales	$1,483,420	-	$1,483,420
Cost of goods sold	849,205	-	849,205
Gross profit	634,215	-	634,215
Expenses			
General and administrative	873,246	(104,930)	768,316
Sales and marketing	230,337	(6,990)	223,347
Research and development	75,787	-	75,787
Professional fees related to warrants	-	322,697	322,697
Amortization of property, plant and equipment	12,642	-	12,642
Total Expenses	1,192,012	210,777	1,402,789
Loss before undernoted items	(557,797)	(210,777)	(768,574)
Accretion and interest expense	4,346	3,163	7,509
Other loss (income)	4,405	8,837,487	8,841,892
Loss before income taxes	(566,548)	(9,051,427)	(9,617,975)
Income taxes (note 20)	240,405	2,855	243,260
Net loss and comprehensive loss	$(806,953)	$(9,054,282)	$(9,861,235)
Basic and diluted loss per share	$0.02	-	$0.19
Weighted average number of common shares outstanding	52,489,288	-	52,489,288

Consolidated Statement of Shareholders Equity (Deficiency)			
Balance, December 31, 2014	$2,252,175	$(446,709)	$1,805,466
Issuance of common shares (note 11)	221,000	-	221,000
Share issuance costs (note 11)	(16,469)	-	(16,469)
Issuance of warrants (note 11, 12)	118,990	203,708	322,698
Issuance of share-based compensation	21,530	3,545	25,075
Net loss and comprehensive loss for the period	(806,953)	(9,054,282)	(9,861,235)
Balance at June 30, 2015	$1,790,273	$(9,293,738)	$(7,503,465)

(Expressed in U.S. dollars, unless otherwise stated)

Consolidated Statement of Cash Flows

Year ending March 31st 2015	As Reported	Adjustment	As Restated
Operating Activities:			
Net loss	$(806,953)	$(9,054,282)	$(9,861,235)
Items not affecting cash:			
Amortization of property, plant and equipment	12,642	-	12,642
Accretion and interest expense	3,622	3,253	6,875
Share-based compensation	21,530	3,545	25,075
Non-cash expense	19,147	224,479	243,626
Loss on fair value adjustment to warrants liability	-	8,837,465	8,837,465
Changes in non-cash working capital items			
Accounts receivable	(300,389)	-	(300,389)
Sales taxes recoverable	(7,904)	-	(7,904)
Accounts payable and accrued liabilities	181,602	(17,313)	164,289
Income taxes payable	163,405	2,853	166,258
Inventory	(26,523)	-	(26,523)
Biological assets	(85,970)	-	(85,970)
Prepaid expenses and deposits	15,234	-	15,234
Cash used in operating activities	$(810,557)	-	$(810,557)
Investing activities:			
Purchase for property, plant and equipment	(413,002)	-	(413,002)
Cash used in investment activities	$(413,002)	-	$(413,002)
Financing activities:			
Issuance of common shares	221,000	-	221,000
Payment of share issuance cost	(13,526)	-	(13,526)
Proceeds from subscriptions payable	140,012	-	140,012
Issuance of convertible notes payable	500,000	-	500,000
Repayment of related party loan	(3,820)	-	(3,820)
Proceeds from related party loan	-	150,000	150,000
Repayment of related party loan	-	(150,000)	(150,000)
Cash provided by financing activities	$843,666	-	$843,666
Decrease in cash during the period	(379,893)	-	(379,893)
Cash, beginning of period	600,078	-	600,078
Cash, end of period	$220,185	-	$220,185

23. Restatement of previously issued financial statements

In the course of preparing the financial statements for the quarterly review June 30, 2015, a historical accounting issue was identified that affected the December 31, 2014 year ended financial statements. For the year ended December 31, 2014 the company accounted for the 13,722,250 warrants issued during private placements discussed in note 10 at the time issuance only. The warrants were also treated as an equity instrument. Due to the issuance of the warrants at an exercise price of $.50 Canadian dollars, the warrants are required to be re-classified as a liability per IAS 32. In addition, per IAS 39, the warrants are to be re-valued at each subsequent reporting period end based on changes in the risk-free rate, foreign exchange rate and reduction in the expected life of the warrants.

As part of the reissuance, the tax liability was also adjusted to reflect completed tax filings for the 2014 fiscal period.

The effects of these changes are summarized as follows:

a. An decrease in current liabilities at December 31, 2014 of $60,898
b. An increase in long term liabilities at December 31, 2014 of $507,607
c. A net decrease in shareholders' equity at December 31, 2014 of $446,709
d. A decrease in the net loss of $15,648 at December 31, 2014

The following tables summarize the impact of the restatement adjustments on the company's previously reported consolidated financial statements.

(Expressed in U.S. dollars, unless otherwise stated)

23. Restatement of previously issued financial statements (continued)

Consolidated Statement of Financial Position

December 31, 2014	As Reported	Adjustment	As Restated
Assets			
Current			
Cash	$600,078	-	$600,078
Account Receivable	358,987	-	358,987
Sales taxes recoverable	47,535	-	47,535
Biological assets	224,854	-	224,854
Inventory	534,986	-	534,986
Prepaid expenses and deposits	339,789	-	339,788
Total current assets	$2,106,228	-	$2,106,228
Property, plant, equipment	710,790	-	710,790
Intangible assets	40,000	-	40,000
Total assets	2,857,018	-	2,857,018
Liabilities			
Current			
Accounts payable and accrued liabilities	$380,794	-	$380,794
Income taxes payable	93,100	(60,898)	32,202
Subscriptions payable	40,000	-	40,000
Current portion of long-term debt	15,828	-	15,828
Total current liabilities	529,722	(60,898)	468,824
Long term debt	75,121		75,121
Warrants liability	-	507,607	507,607
Total liabilities	604,843	446,709	1,051,552
Shareholders' equity			
Share capital	4,747,153	-	4,747,153
Warrant reserve	722,723	(462,357)	260,366
Deficit	(3,217,701)	15,648	(3,202,053)
Total shareholders' equity	$2,252,175	(446,709)	1,805,466
Total liabilities and shareholders' equity	$2,857,018	-	$2,857,018

(Expressed in U.S. dollars, unless otherwise stated)

23. Restatement of previously issued financial statements (continued)

Consolidated Statement of Shareholders' Equity

Balance, April 8, 2014	-	-	-
Issuance of common shares	$ 4,837,906	-	$ 4,837,906
Share issuance costs	(117,665)	-	(117,665)
Issuance of warrants	731,250	(460,230)	271,020
Exercise of warrants for common shares	18,385	(2,127)	16,258
Net loss and comprehensive loss for the period	(3,217,701)	15,648	(3,202,053)
Balance at December 31, 2014	$ 2,252,175	$ (446,709)	$ 1,805,466

Interim Condensed Consolidated Financial Statements of

GOLDEN LEAF HOLDINGS INC.

For the three and six month periods ended June 30, 2015 and from April 8, 2014 (date of incorporation) to June 30, 2014 (Unaudited)

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Financial Statements (Unaudited)
(Expressed in U.S. Dollars)
For the three and six month periods ended June 30, 2015 and from April 8, 2014 (date of incorporation) to June 30, 2014 (Unaudited)

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at June 30, 2015 and December 31, 2014
(Expressed in U.S. dollars)

	June 30, 2015	December 31, 2014 (restated – Note 22)
Assets		
Current		
Cash	$ 2,687,300	$ 600,078
Accounts receivable (note 6)	1,821,360	358,987
Sales taxes recoverable	67,289	47,535
Biological assets (note 7)	399,908	224,854
Inventory (note 7)	1,022,314	534,986
Prepaid expenses and deposits	1,463,954	339,788
Total current assets	7,462,125	2,106,228
Property, plant and equipment (note 8)	1,781,863	710,790
Intangible assets	35,000	40,000
Total assets	$ 9,278,988	$ 2,857,018
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 965,421	$ 380,794
Income taxes payable (note 20)	362,646	32,202
Subscriptions payable	-	40,000
Current portion of long-term debt (note 10)	28,122	15,828
Convertible notes payable (note 9)	512,479	-
Total current liabilities	1,868,668	468,824
Long term debt (note 10)	139,730	75,121
Warrants liability	9,171,969	507,607
Total liabilities	$ 11,180,367	$ 1,051,552
Shareholders' equity (deficiency)		
Share capital (note 12)	$ 11,814,005	$ 4,747,153
Warrant reserve (note 13)	2,009,222	260,366
Stock options reserve (note 14)	65,739	-
Contributed surplus (note 12)	59,940	-
Deficit	(15,850,285)	(3,202,053)
Total shareholders' equity (deficiency)	(1,901,379)	1,805,466
Total liabilities and shareholders' equity (deficiency)	$ 9,278,988	$ 2,857,018

Going Concern (note 2)
Commitments (note 15)
Subsequent Events (note 21)

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Operations and Comprehensive Loss (Unaudited)
For the three and six month periods ended June 30, 2015 and from April 8, 2014 (date of incorporation) to June 30, 2014 (Unaudited)
(Expressed in U.S. dollars)

	For the three month periods ended June 30		For the six month periods ended June 30	
	2015	2014	2015	2014
Sales	$ 3,400,432	$ -	$ 4,883,852	$ -
Cost of goods sold	2,173,071	-	3,022,276	-
Gross profit	1,227,361	-	1,861,576	-
Expenses				
General and administrative	1,829,575	185,233	2,597,890	185,233
Professional fees related to warrants	1,416,453	260,366	1,739,150	260,366
Sales and marketing	333,810	15,212	557,157	15,212
Research and development	112,869	-	188,657	-
Amortization of property, plant and equipment	35,158	-	47,800	-
Total expenses	3,727,865	460,811	5,130,654	460,811
Loss before undernoted items	(2,500,504)	(460,811)	(3,269,078)	(460,811)
Accretion and interest expense	20,840	4,101	28,349	4,101
Other loss (income)	(205,113)	115,690	8,636,779	115,690
Loss before income taxes	(2,316,231)	(580,602)	(11,934,206)	(580,602)
Income taxes (note 20)	470,767	-	714,026	-
Net loss and comprehensive loss	$ (2,786,998)	$ (580,602)	$(12,648,232)	$ (580,602)
Basic and diluted loss per share	$ (0.05)	$ (0.03)	$ (0.24)	$ (0.03)
Weighted average number of common shares outstanding	52,881,276	20,257,397	52,686,364	20,257,397

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Changes in Shareholders’ Equity (Deficiency) (Unaudited)
For the six month period ended June 30, 2015 and from April 8, 2014 (date of incorporation) to June 30, 2014
(Expressed in U.S. dollars)

	Share Capital	Warrant Reserve	Stock Options Reserve	Contributed Surplus	Deficit	Total
Balance, April 8, 2014	$ -	$ -	$ -	$ -	$ -	$ -
Issuance of common shares (note 12)	832,953	-	-	-	-	832,953
Issuance of warrants (note 12, 13)	-	57,435	-	-	-	57,435
Net loss and comprehensive loss for the period	-	-	-	-	(580,602)	(580,602)
Balance, June 30, 2014	$ 832,953	$ 57,435	$ -	$ -	$ (580,602)	$ 309,786
Balance, January 1, 2015 (restated – Note 22)	$ 4,747,153	$ 260,366	$ -	$ -	$ (3,202,053)	$
Issuance of common shares (note 12)	7,159,443	-	-	-	-	7,159,443
Share issuance costs (note 12)	(32,651)	-	-	-	-	(32,651)
Issuance of warrants (note 12, 13)	-	1,748,856	-	-	-	1,748,856
Issuance of share-based compensation (note 14)	-	-	65,739	-	-	65,739
Shares cancellation (note 12)	(59,940)	-	-	59,940	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(12,648,232)	(12,648,232)
Balance, June 30, 2015	$ 11,814,005	$ 2,009,222	$ 65,739	$ 59,940	$ (15,850,285)	$ (1,901,379)

See accompanying notes to interim condensed consolidated financial statements.

GOLDEN LEAF HOLDINGS INC.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six month period ended June 30, 2015 and from April 8, 2014 (date of incorporation) to June 30, 2014 (Expressed in U.S. dollars)

	For the six month period ended June 30, 2015	For the period from April 8 to June 30, 2014
Cash provided by (used in):		
Operating activities:		
Net loss	$ (12,648,232)	$ (580,602)
Amortization of property, plant and equipment	47,800	-
Amortization of intangible assets	5,000	-
Accretion and interest expense	12,479	4,101
Bad debt expense	114,861	-
Share-based compensation	65,739	-
Shares issued to founders	-	278,063
Shares issued for legal services	-	20,000
Shares issued for purchase of assets	-	97,000
Shares issued for non-brokered private placement	-	18,422
Warrants issued for consulting, legal and broker fees	1,748,856	57,435
Loss on fair value adjustment to warrants liability (note 11)	8,664,362	-
Changes in non-cash working capital items		
Accounts receivable	(1,462,373)	-
Sales taxes recoverable	(19,754)	(53,020)
Accounts payable and accrued liabilities	584,627	-
Income taxes payable	330,444	-
Biological assets	(175,054)	(60,716)
Inventory	(487,328)	-
Prepaid expenses and deposits	(1,124,166)	-
Subscriptions payable	(40,000)	-
Cash used in operating activities	(4,382,739)	(219,317)
Investing activities:		
Purchase of property, plant and equipment	(1,122,176)	(553,971)
Cash used in investment activities	(1,122,176)	(553,971)
Financing activities:		
Issuance of common shares	7,129,444	424,405
Related party loans	-	419,375
Issuance of convertible notes payable	500,000	-
Payment of share issuance costs	(32,652)	-
Repayment of long-term debt	(4,655)	-
Proceeds from related party loan	305,000	-
Repayment of related party loan	(305,000)	-
Cash provided by financing activities	7,592,137	843,780
Increase in cash during the period	2,087,222	70,492
Cash, beginning of period	600,078	-
Cash, end of period	$ 2,687,300	$ 70,492
Non-cash items from investing and financing activities:		
Collateralized financing for sales vehicles	163,705	-
Inventory transaction settled through bartering	139,337	-
Shares cancelled to contributed surplus	59,940	-
Interest paid during the period	(1,439)	-
Taxes paid during the period	(306,302)	-

1. Incorporation and operations

Golden Leaf Holdings Inc. ("Golden Leaf" or the "Company") was incorporated under the laws of the Canada Business Corporations Act on April 8, 2014 and began operations on July 1, 2014. The Company carries on the business of growing, processing and distribution of medical cannabis products in the State of Oregon in the United States of America ("USA"). The Company's corporate office is at 400-1235 Bay St., Toronto, Ontario Canada M5R 3K4 and its principal place of business is at 400-517 SW 4th Ave., Portland, Oregon USA 97204.

2. Going concern assumption

The interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The going concern basis of presentation assumes that Golden Leaf will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has funded its cash requirements since commencement of operations in July 2014 through the issuance of common shares and a related party loan. The Company has generated sales of $4.9 million for the six month period ending June 30, 2015. To fund its future working capital needs and expansion plans the Company anticipates the issuance of additional common shares or debt through various rounds of private placements. On January 31, 2015, the Company signed a Letter of Intent (the "LOI") with Longacre Resources Inc. ("Longacre"), a reporting issuer in the provinces of British Columbia and Alberta. The Letter of Intent contemplates a reverse-takeover transaction ("RTO") such that the Company will take over control and the listing status of Longacre (see Note 21). This transaction will provide the Company with another option to access capital to fund future growth and working capital.

Since inception in April 2014 to June 30, 2015, the Company completed two private placements which generated gross proceeds of $11,814,005 and $500,000 in convertible notes (see Note 9 and 12). Cancelled shares during the first quarter of 2,997,000 do not impact gross proceeds (see Note 12). In management's view, even though operations show an accumulated deficit of $15.8 million since inception, the proceeds from the private placements will provide sufficient working capital and liquidity for the company to continue as a going concern for the next year.

These interim condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

The assessment of the validity of the going concern assumption requires significant judgment by management relating to the Company's ability to achieve profitable operations, raise debt and/or equity financing in the future and meet its obligations as they come due.

3. Statement of compliance

These interim condensed consolidated financial statements for the three month and six month period ended June 30, 2015 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the period from April 8, 2014 (date of incorporation) to December 31, 2014. The interim condensed consolidated financial statements should be read in conjunction with the December 31, 2014 financial statements (as restated), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

4. Basis of presentation

Except where specified, the interim condensed consolidated financial statements have been prepared in U.S. dollars, which are the Company's functional currency, on a historical cost basis. The accounting policies set out below have been applied to all accounting periods. While the Company was incorporated and funded during the same quarter in 2014, operations commenced subsequent to June 30, 2014.

5. Significant accounting policies

<u>Basis of consolidation</u>
The Company consolidates the financial statements of the following wholly owned subsidiaries:

- Golden Leaf US Inc. (a Delaware incorporated company)
- Golden Leaf Oregon Inc. (an Oregon incorporated company)
- Golden Leaf Oregon Distribution Inc. (an Oregon incorporated company)
- GL Management Inc. (a Nevada incorporated company)

During the period ended December 31, 2014, the Company completed the following name changes for the same subsidiaries, respectively:

- Greenpoint Holdings Delaware Inc.
- Greenpoint Oregon Inc.
- Left Coast Connections Inc.
- GP Management Inc.

In addition, a new subsidiary, Greenpoint Science Ltd. (a company incorporated in Israel), was formed during the period ended June 30, 2015.

All inter-company transactions and balances with subsidiaries have been eliminated. All companies have the same reporting period.

The preparation of the Company's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

(Expressed in U.S. dollars, unless otherwise stated)

6. Accounts receivable

	June 30, 2015	December 31, 2014
Accounts receivable	$ 2,020,595	$ 443,361
Allowance for doubtful accounts	(199,235)	(84,374)
	$ 1,821,360	$ 358,987

Bad debt expense amounts for the three and six month periods are $84,374 and $114,861, respectively. The amounts are included in general and administrative expenses.

7. Biological assets and inventory

The Company’s biological assets consist of cannabis flower that is cultivated at the Company’s own grow facility. Inventory consists of concentrates products such as oils and edibles. Any costs incurred to bring the biological assets and inventory to the condition and location of sale are included in cost. The following provides a summary of the various costs incurred in key stages of production:

	Biological Assets	Inventory
Raw materials	-	230,969
Work-in-process	206,265	191,420
Finished goods	18,589	112,597
December 31, 2014	$ 224,854	$ 534,986
Raw materials	-	222,913
Work-in-process	399,908	623,952
Finished goods	-	175,449
June 30, 2015	$ 399,908	$ 1,022,314

8. Property, plant and equipment

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Vehicle	Total
Cost						
Balance Dec 31, 2014	$ 312,795	$ 231,377	$ 63,547	$ 41,835	$ 103,672	$753,226
Additions	606,507	346,317	60,244	53,701	198,417	1,265,186
Dispositions	-	-	-	-	(91,672)	(91,672)
Balance June 30, 2015	$ 919,302	$ 577,694	$ 123,791	$ 95,536	$ 210,417	$1,926,740

(Expressed in U.S. dollars, unless otherwise stated)

8. Property, plant and equipment (continued)

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Vehicle	Total
Accumulated Amortization						
Balance Dec 31, 2014	$ (23,540)	$ (11,309)	$ (4,305)	$ (1,554)	$ (1,728)	$ (42,436)
Expense	(55,213)	(26,624)	(14,315)	(4,859)	(11,791)	(112,802)
Dispositions	-	-	-	-	10,361	10,361
Balance June 30, 2015	$ (78,753)	$ (37,933)	$ (18,620)	$ (6,413)	$ (3,158)	$ (144,877)

	Production Equipment	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Vehicle	Total
Carrying Amount						
Balance Dec 31, 2014	$ 289,255	$ 220,068	$ 59,242	$ 40,281	$ 101,944	$ 710,790
Balance June 30, 2015	$ 840,549	$ 539,761	$ 105,171	89,123	$ 207,259	$1,781,863

Included in leasehold improvements are additions of $108,850 related to the Aurora property in Portland, Oregon that is not amortized as the facility has not yet commenced operations as of June 30, 2015. Total depreciation expense for the three month period ending June 30, 2015 and six month period then ending was $73,317 and $112,712 respectively. Of the total expense, $44,647 was allocated to inventory in the three month period ending June 30, 2015 and $71,400 during the six month period then ended.

9. Convertible notes payable

On March 12, 2015, the Company issued two convertible notes. The principal amounts are $250,000 each, with a rate of 8% per annum. The maturity dates of the notes are March 9, 2016 and March 11, 2016 respectively. Prepayment is allowed without penalty. The convertible notes also provide for a conversion option, in whole or in part, within the loan term at $1 U.S. dollar per share. The notes payable also provided for 25,000 warrants to each of the holders at inception, at $1.00 U.S dollar per common share. Interest payments are due September 9 and 21, 2015 respectively, and at settlement.

Per IAS 32, the Company assessed the fair value of the debt at inception. Since the fair value of the debt was nearly equivalent to the face value of the notes payable, the amount available to allocate to the equity components, the conversion option and the warrants, was nominal and not recognized separately.

	March 31, 2015	December 31, 2014
Proceeds from issuance of convertible notes	$ 500,000	$ -
Accretion and interest expense	12,479	-
Carrying amount of convertible note at March 31, 2015	$ 512,479	$ -

(Expressed in U.S. dollars, unless otherwise stated)

10. Long-term debt

	June 30, 2015	December 31, 2014
Vehicle loans bearing annual interest of 6.10%, secured by the Company's vehicles, due in June 2021, and repayable in monthly blended instalments of $2,726.		
Long term debt	$ 167,852	$ 90,949
Less: current portion	(28,122)	(15,828)
Long term portion	$ 139,730	$ 75,121

11. Warrants liability

During the period between June 13 and November 28, 2014, the Company issued 13,722,250 warrants in conjunction with private placements pertaining to (vii) and (viii) in Note 12. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

The warrants were valued at $565,052 at the time of issuance. Per IAS 39, the warrants issued under these placements meet the definition of a derivative and must be measured at fair value at each reporting date. At June 30, 2015, a loss of $8,664,362 was recorded into Other Loss due to significant changes in the year end risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants. At December 31, 2014, a gain of $57,445 was recorded in Other Income due to changes in the year end risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants. The Black-Scholes option pricing model was used at the date of measurement with the following assumptions:

	June 30, 2015	December 31, 2014
Expected life	2.3-2.4 years	2.8 to 2.9 years
Risk-free interest rate	0.80%	1.21%
Dividend yield	0%	0%
Foreign exchange rate	0.8092	0.8950
Expected volatility	70%	70%

During the first quarter of 2015, the Company entered into a loan with a related party, as discussed in Note 16. In lieu of interest, the Company issued 5,000 warrants at $0.20 Canadian dollars. The warrants were valued at $4,272 at the time of issuance and recorded as interest expense. The Black-Scholes option pricing model was used at the date of measurement with the following assumptions:

	June 30, 2015	March 31, 2015
Expected life	2.6 years	3 years
Risk-free interest rate	0.80%	0.57%
Dividend yield	0%	0%
Foreign exchange rate	0.8092	0.7909
Expected volatility	70%	70%

(Expressed in U.S. dollars, unless otherwise stated)

11. Warrants liability (continued)

At June 30, 2015, the change to the fair value of the liability was immaterial due to insignificant changes during the period to the risk-free rate, foreign exchange rate, and reduction in the expected life of the warrants.

12. Share capital

Authorized - An unlimited number of common shares at no par value.

The following table reflects the continuity of share capital from April 8, 2014 (date of incorporation) to June 30, 2015:

	Number of Shares	Amount
Opening balance at April 8, 2014	-	$ -
Shares issued to founders for services (i)	16,662,666	278,063
Shares issued as consideration for assets purchased (ii)	4,850,000	97,000
Shares issued - Private placement (iii)	800,000	18,422
Shares issued - Private placement (iv)	2,000,000	44,749
Shares issued upon exercise of warrants (v)	1,000,000	26,912
Shares issued for consulting services (vi)	200,000	35,033
Shares issued - Private placement, net of issuance costs (vii)	6,780,000	1,200,000
Shares issued - Private placements (viii)	20,664,500	3,046,974
Balance, December 31, 2014	52,957,166	$ 4,747,153
Shares issued – Private placements (ix)	221,000	204,531
Shares cancelled (x)	(2,997,000)	(59,940)
Shares issued – Private placements, net of issuance costs, net of issuance costs (xi)	7,098,500	6,922,261
Balance, June 30, 2015	57,279,666	$ 11,814,005

(i) On April 8, 2014, the Company issued 16,662,666 common shares to its founders for contributions made prior to the Company's incorporation.

(ii) On May 12, 2014, the Company issued 4,850,000 common shares as part of the consideration for the purchase of assets (Note 8).

(iii) On May 13, 2014, the Company completed a non-brokered private placement for 800,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(iv) On September 2, 2014, the Company completed a non-brokered private placement for 2,000,000 units at $0.025 Canadian dollars per unit. Each unit includes one common share.

(v) On October 16, 2014, the Company issued 1,000,000 common shares for the exercise of warrants at $0.02 Canadian dollars. The exercise price was settled in exchange for legal service of $18,385.The warrants were issued for legal services provided by a law firm as discussed in note 11(i).

(Expressed in U.S. dollars, unless otherwise stated)

12. Share capital (continued)

(vi) On November 20, 2014, the Company issued 200,000 common shares to a consultant for professional services rendered. The shares were issued at $0.20 Canadian dollars per share.

(vii) On November 10, 2014, the Company completed a brokered private placement for 6,780,000 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of November 10, 2017 and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $137,426 of the proceeds being allocated to warrants. The Company paid $96,000 in commissions and issued 542,400 warrants with an expiry date of November 10, 2017 and exercise price of $0.50 Canadian dollars per share related to proceeds from the private placement.

(viii) During the period between June 13 and November 28, 2014, the Company completed a series of non-brokered private placements for 20,664,500 units at $0.20 Canadian dollars per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of 3 years from the subscription date and have an exercise price of $0.50 Canadian dollars per share. Warrants were valued using the Black-Scholes option pricing model which resulted in $427,626 of the proceeds being allocated to warrants.

(ix) In February 2015, the Company initiated a second round of private placements. 221,000 common shares were issued at $1.00 U.S. dollars per share during the month. The company paid $16,469 in issuance costs related to these shares.

(x) The Company's board cancelled 2,997,000 shares related to an agreement with a company that was to provide services in exchange for shares. The company failed to deliver these services. The board resolution to cancel the shares was ratified March 15, 2015. The value for the cancelled shares was $59,940 and has been recorded in contributed surplus.

(xi) By the end of the six month period ending June 30, 2015, the company has completed a non-brokered private placement of an additional 7,098,500 shares. The shares were issued at $1.00 U.S. The company paid $16,183 in issuance costs related to these shares.

13. Warrant reserve

	Number of Warrants Issued	Exercise Price	Amount
Opening balance	-		-
Warrants issued – legal fees (i)	1,000,000	CDN $0.02	$10,654
Warrants issued – consulting fees (ii)	853,000	CDN $0.02	141,940
Warrants issued – legal fees (iii)	250,000	CDN $0.20	21,588
Warrants issued – consulting fee (iv)	652,625	CDN $0.20	53,867
Warrants issued – legal fees (v)	250,000	CDN $0.20	20,635
Warrants issued – broker commissions (vi)	542,400	CDN $0.50	22,336
Exercise of warrants	(1,000,000)	CDN $0.02	(10,654)
Balance, December 31, 2014 (restated – Note 22)	2,548,025		$260,366

(Expressed in U.S. dollars, unless otherwise stated)

13. Warrant reserve (continued)

	Number of Warrants Issued	Exercise Price	Amount
Warrants issued – consulting fees (vii)	4,075,000	CDN $0.20	$322,698
Balance, March 31, 2015	6,623,025		$583,064

	Number of Warrants Issued	Exercise Price	Amount
Warrants issued – management consulting (viii)	1,000,000	CDN $0.20	138,591
Warrants issued – consulting fees (ix)	500,000	CDN $0.50	301,823
Warrants issued – security services (x)	100,000	CDN $0.20	7,935
Warrants issued – private placement fees (xi)	50,000	CDN $0.20	3,968
Warrants issued – management consulting (xii)	1,500,000	USD $1.00	693,224
Warrants issued – private placement fees (xiii)	340,450	USD $1.00	157,339
Warrants issued – loan interest expense (xiv)	21,000	USD $1.00	9,705
Warrants issued – property consulting fees (xv)	200,000	USD $1.00	92,430
Warrants issued – property consulting fees (xv)	200,000	USD $5.00	21,143
Balance, June 30, 2015	10,534,475		$2,009,222

(i) On April 8, 2014, the Company issued 1,000,000 warrants for legal services provided by a law firm. The warrants have an expiry of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share.

(ii) On April 8, 2014, the Company issued 853,000 warrants for consulting fees for services provided by an individual. The warrants have an expiry period of 5 years from the date of issuance and an exercise price of $0.02 Canadian dollars per common share

(iii) On July 17, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(iv) On October 29, 2014, the Company issued 652,625 warrants for investment consulting services provided by a consulting firm. The warrants have an expiry period of 3 years from the date of issuance and an exercise price of $0.20 Canadian dollars per common share.

(v) On November 5, 2014, the Company issued 250,000 warrants for legal services provided by a law firm. The warrants have an expiry period of 3 years from the date of issue and an exercise price of $0.20 Canadian dollars per common share.

(vi) On November 20, 2014, the Company issued 542,400 warrants for commissions associated with the brokered private placement closed on November 10, 2014. The warrants have an expiry period of 3 years from date of issuance and an exercise price of $0.50 Canadian dollars per common share.

(vii) During the three months ending March 31, 2015, the company issued 4,075,000 warrants. These warrants were issued for consulting services related to the private placements, research and development, and marketing. The expense related to these professional fees is $322,698. These warrants have an exercise price of $0.20 Canadian.

(viii) A member of the executive management team were awarded 1,000,000 warrants as a signing bonus issued at $0.20 Canadian dollars.

(ix) Consulting fees were settled with 500,000 warrants issued at $0.50 Canadian dollars.

(x) Security services firm was provided with 100,000 warrants at $0.20 Canadian dollars.

(Expressed in U.S. dollars, unless otherwise stated)

13. Warrant reserve (continued)

(xi) The Company issued 50,000 warrants for non-brokered private place fees for services earlier in the year at $0.20 Canadian dollars.
(xii) Members of the executive management team were awarded 1,500,000 warrants as a signing bonus issued at $1.00 U.S. dollars.
(xiii) The Company issued 340,450 warrants for non-brokered private placement fees for services provided at $1.00 U.S. dollars.
(xiv) In lieu of interest payments, 21,000 warrants were issued to a related party at $1.00 U.S. dollars. See note 16.
(xv) Property management services for the Aurora property discussed in Note 22 were settled with two tranches of warrants. 200,000 units were issued at $1.00 U.S. dollar and 200,000 units were issued at $5.00 U.S. dollars.

The warrants were valued based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 to 5 years
Risk-free interest rate	Various between 0.57% to 1.44%
Dividend yield	0%
Expected volatility	70%

14. Stock Option Plan

On January 1, 2015, the Company's Board of Directors approved a Directors, Management, Employees and Consultants Stock Option Plan. The total number of shares to be issued under the plan is not to exceed 10% of the total issued and outstanding shares. Under this plan, on January 1, 2015, the Company set aside 4,350,000 stock options to provide an incentive to its directors, executives and employees. The options are subject to vesting periods set by the Board of Directors and have an expiry period of no more than 10 years from the grant date. The exercise price for the options set by the Board at each grant date will not be lower than the highest price issued prior to the grant date.

Of the total options, 3,300,000 stock options were issued with an exercise price of $0.20 Canadian dollars and 1,050,000 stock options were issued at an exercise price of $1.00 U.S. dollars. All the options vest evenly over 3 years and expire 3 years from the grant date.

Total number of options at December 31, 2014	-
Number options granted at $0.20 Canadian dollars	
Options granted on January 1, 2015, expires January 1, 2018	3,250,000
Options granted on January 26, 2015, expires January 26, 2018	50,000
Number of options granted at $1.00 U.S. dollars	
Options granted on February 19, 2015, expires February 19, 2018	200,000
Options granted on March 1, 2015, expires March 1, 2018	200,000
Options granted on March 23, 2015, expires March 23, 2018	450,000
Options granted on March 31, 2015, expires March 31, 2018	50,000
Options granted on April 30, 2015, expires April 30, 2018	150,000
Total number of options at June 30, 2015	4,350,000

14. Stock Option Plan (continued)

Number of exercisable options issued in Canadian dollars		538,402
Number of exercisable options issued in U.S. dollars		64,795

Weighted average exercise price of options at December 31, 2014		-
Weighted average exercise price of options at June 30, 2015 in U.S. dollars	$	0.25

The options were valued based on the Black-Scholes option pricing model at the date of measurement with the following assumptions:

Expected life	3 years
Risk-free interest rate	Various between 0.57% to 0.80%
Dividend yield	0%
Expected volatility	70%

The value attributed to the 4,350,000 stock options expensed as shared based compensation was $65,739 for the six month period ended June 30, 2015.

15. Commitments

On April 1, 2015, the Company's subsidiary, Greenpoint Oregon Inc., signed a sublease agreement for a 96 acre property in the State of Oregon. The sublease has a term of 15 years and includes a purchase option to acquire the property that can only be exercised within year 3 of the sublease term. Monthly base rent for the sublease was $27,841 and subject to annual increase adjustments based on the consumer price index. By June 30, the Company had already termed the lease and entered into negotiations to purchase the property so there are no future commitments included below in the amounts.

The Company and its subsidiaries entered into operating leasing agreements for its premises. Future lease payments amount to $164,832:

2015	$	60,432
2016		86,400
2017		18,000
	$	164,832

The operating leases are for its dispensary and corporate office and operations.

(Expressed in U.S. dollars, unless otherwise stated)

16. Related party transactions

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following expenses:

Salaries, commissions, bonuses and benefits	$ 439,715
Consulting fees paid to officers of the Company	127,782
	$ 567,497

These transactions occurred in the normal course of operations of the company and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the first quarter and second quarter of 2015 respectively, loans for $150,000 and $155,000 were received from an employee. The loans were repaid during the same quarters in which the loans were made. The employee was issued 5,000 warrants and 21,000 warrants respectively for the loans. No additional interest was charged. The warrants issued are within the totals disclosed in notes 11 and 13 (xiv).

On May 28th and June 8th, 2015, two advances were provided to a member of the executive team to facilitate the payment of significant raw material purchases of trim in the southern region of the State of Oregon. Trim is the by-product of a harvested cannabis plant. It is the raw material used in the production process to extract cannabis oils. The advances were $245,000 and $200,000, respectively. The first advance was settled within the second quarter. The second advance was used to settle transactions subsequent to June 30, 2015. The outstanding advance is within the prepaid balance since the use is operational in nature.

17. Capital management

The Company defines capital that it manages as its shareholders' equity, long-term debt and warrants liability. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at June 30, 2015, total managed capital was $7,410,321. Total managed capital at December 31, 2014 was $2,388,194.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue shares, acquire debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

The Company expects the capital resources available will be sufficient to carry its business and operations through 2015.

18. Segmented disclosure

While the Company has locations in both in Canada and the United States of America, it manages its operations in one business segment. At June 30, 2015, all the Company's assets are located in the United States of America. All revenues are generated in the United States of America.

19. Financial instruments and risk management

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

(a) Fair value

Cash, accounts receivable, sales taxes recoverable and accounts payable and accrued liabilities, and subscriptions payable approximate their fair values because of the short-term maturities of these financial instruments.

The carrying value of long-term debt approximates fair value upon initial recognition and subsequent to that date it has been amortized using the effective interest rate method. At June 30, 2015, its carrying value approximates fair value based on current market rates for similar instruments.

The following classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are as follows:

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

The Company recognizes the warrants associated with the initial private placements during the year as financial liabilities designated as FVTPL where changes to fair value based on changes to the inputs are recognized in profit or loss. The estimated fair value of the warrants is categorized within Level 2 of the fair value hierarchy. Refer to note 11 for information regarding the valuation technique and inputs used to determine fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(b) Credit risk

The Company's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the Company's maximum credit exposure at June 30, 2015.

The Company's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the consolidated statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment. The Company does not have significant exposure to any individual customer and has estimated bad debts of $114,861 and $84,374 at June 30, 2015 and December 31, 2014, respectively.

(Expressed in U.S. dollars, unless otherwise stated)

19. Financial instruments and risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any interest rate volatility as its long-term debt instruments are carried at a fixed interest rate throughout their term.

(d) Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. To ensure the Company has sufficient liquidity to meet its obligations, the Company intends to issue common shares and debt in the future (see note 21 – Subsequent Events).

20. Taxation

The Company reconciles the expected income tax recovery (expense) at the combined USA and Canadian statutory income tax rate of 28.4% (USA-34%, Canada-26.3%) to the amounts recognized in the consolidated statement of operations.

The Company has estimated an income tax liability for the six month period ended June 30, 2015, as follows:

	June 30, 2015	December 31, 2014 (restated – Note 22)
Loss before income taxes	$ (11,934,206)	$ (3,169,851)
Estimated tax recovery at combined rate of 28.4%	(3,389,998)	(867,037)
Expenses not deductible in Canada	2,270,562	-
Losses – benefits not realized in Canada	319,924	394,877
Losses not deductible under IRC S 280E in the U.S.	1,513,538	504,362
Income tax expense	$ 714,026	$ 32,202

The company made estimated tax payments to US federal government and State of Oregon in the amounts of $229,302 and $61,178 respectively for Q1 and Q2 2015 tax liability.

The Company had taxable income in the USA and has apportioned all of its US income to the State of Oregon. It had tax losses in Canada in 2014 and for the six month period ended June 30, 2015.

The tax rate in the State of Oregon is 6.6% which is deductible for US federal tax purposes. In aggregate, the estimated total US federal and state tax rate is approximately 38%. As the Company is subject to Internal Revenue Code Section 280E, the Company has computed its US tax on the basis of gross receipts less cost of goods sold. Although other expenses have been incurred to generate the sales revenue, Code Section 280E denies deductions and credits attributable to a trade or business of trafficking in controlled substances.

20. Taxation (continued)

Internal Revenue Code ("IRC") Code 280E – Expenditures in connection with the illegal sale of drugs states:

"No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted."

Although the production and sale of marijuana and related products for medical purposes is legal in the State of Oregon, it is still considered to be illegal from a perspective of Federal law.

The production and sale of marijuana and related products appears to fall into this IRC Code 280E. Case law shows that Cost of Goods Sold has been permitted as deduction in determining taxable income. The tax provision for 2015 has been prepared based on the assumption Cost of Sales is a valid expense for income tax purposes.

As at June 30, 2015, the Company has estimated Canadian non-capital losses of $2,350,000. This non-capital loss is available to be carried forward, to be applied against taxable income earned in Canada over the next 20 years and expires in 2035. The deferred tax benefit of these tax losses has not been set up as an asset.

21. Subsequent events

The Company is in the final stages of the merger agreement with Longacre. Longacre proposes to acquire all of the issued and outstanding shares of the Company pursuant to a three-cornered amalgamation, whereby (i) Longacre will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with the Company, to form an amalgamated subsidiary of Longacre, and (ii) Longacre will issue common shares to the shareholders of the Company on a one-for-one basis. There are currently 775,000 common shares of Longacre issued and outstanding. On closing, including completion of a private placement financing, it is expected there will be 54,136,166 shares outstanding in the Company. As a result the amalgamation, there will be approximately 54,911,166 issued and outstanding common shares on an undiluted basis. In addition, Longacre expects to issue 23,111,135 warrants, 4,250,000 options and an additional 1,000,000 shares to existing security holders of the Company.

The Aurora property sublease discussed in Note 15 above was terminated on June 30, 2015. Subsequently, the Company exercised the purchase option on August 11, 2015. The Company closed on the property September 28, 2015 with a purchase price of $3.3 million. The final purchase price is within the parameters of the original agreement. The financing for the new property is made up of a $1.5m secured promissory note with a fixed annual rate of 9%, $1.7m in convertible debentures with annual rates of 12%, and the remaining balance was cash paid by the Company. 145,000 warrants were issued with the debt financing at $1.00 U.S dollar. The property will serve as the main facility for the Oregon based grow and manufacturing operations, as well as the main campus for the corporate offices in the U.S. The purchase transaction was conducted under a newly formed entity, Greenpoint Real Estate, LLC.

21. Subsequent events (continued)

At June 30, 2015, the Company's Board of Directors approved the issuance of 150,000 more stock options to new employees with an exercise price of $1.00 U.S. dollars. All the options vest evenly over 3 years and expire 3 years from the grant date.

Subsequent to June 30, 2015, the Company completed additional private placements and issued 2,247,000 additional shares at $1.00 U.S. An additional 222,220 shares were awarded to executive management. 899,850 shares were issued at $1.00 U.S. for advisory and vendor services. 775,000 shares were issued as part of the Longacre merger.

Also subsequent to June 30, 2015, the Company issued an additional 7,552,390 warrants related to services and investors, with an exercise prices of $1.00 U.S. dollar. The Company also expanded the Company's stock option plan to include an addition 1,245,000 options. These options were awarded to new hires, board members and consultants.

22. Restatement of previously issued financial statements

In the course of preparing the financial statements for the quarterly review June 30, 2015, a historical accounting issue was identified that affected the December 31, 2014 year ended financial statements. For the year ended December 31, 2014 the company accounted for the 13,722,250 warrants issued during private placements discussed in note 10 at the time issuance only. The warrants were also treated as an equity instrument. Due to the issuance of the warrants at an exercise price of $.50 Canadian dollars, the warrants are required to be re-classified as a liability per IAS 32. In addition, per IAS 39, the warrants are to be re-valued at each subsequent reporting period end based on changes in the risk-free rate, foreign exchange rate and reduction in the expected life of the warrants.

As part of the reissuance, the tax liability was also adjusted to reflect completed tax filings for the 2014 fiscal period.

The effects of these changes are summarized as follows:

a. An decrease in current liabilities at December 31, 2014 of $60,898
b. An increase in long term liabilities at December 31, 2014 of $507,607
c. A net decrease in shareholders' equity at December 31, 2014 of $446,709
d. A decrease in the net loss of $15,648 at December 31, 2014

The following tables summarize the impact of the restatement adjustments on the company's previously reported consolidated financial statements.

(Expressed in U.S. dollars, unless otherwise stated)

22. Restatement of previously issued financial statements (continued)

Consolidated Statement of Financial Position

December 31, 2014	As Reported	Adjustment	As Restated
Assets			
Current			
Cash	$600,078	-	$600,078
Account Receivable	358,987	-	358,987
Sales taxes recoverable	47,535	-	47,535
Biological assets	224,854	-	224,854
Inventory	534,986	-	534,986
Prepaid expenses and deposits	339,789	-	339,788
Total current assets	$2,106,228	-	$2,106,228
Property, plant, equipment	710,790	-	710,790
Intangible assets	40,000	-	40,000
Total assets	2,857,018	-	2,857,018
Liabilities			
Current			
Accounts payable and accrued liabilities	$380,794	-	$380,794
Income taxes payable	93,100	(60,898)	32,202
Subscriptions payable	40,000	-	40,000
Current portion of long-term debt	15,828	-	15,828
Total current liabilities	529,722	(60,898)	468,824
Long term debt	75,121	-	75,121
Warrants liability	-	507,607	507,607
Total liabilities	604,843	446,709	1,051,552
Shareholders’ equity			
Share capital	4,747,153	-	4,747,153
Warrant reserve	722,723	(462,357)	260,366
Deficit	(3,217,701)	15,648	(3,202,053)
Total shareholders’ equity	$2,252,175	(446,709)	1,805,466
Total liabilities and shareholders’ equity	$2,857,018	-	$2,857,018

(Expressed in U.S. dollars, unless otherwise stated)

22. Restatement of previously issued financial statements (continued)

Consolidated Statement of Shareholders' Equity

Balance, April 8, 2014	-	-	-
Issuance of common shares	$ 4,837,906	-	$ 4,837,906
Share issuance costs	(117,665)	-	(117,665)
Issuance of warrants	731,250	(460,230)	271,020
Exercise of warrants for common shares	18,385	(2,127)	16,258
Net loss and comprehensive loss for the period	(3,217,701)	15,648	(3,202,053)
Balance at December 31, 2014	$ 2,252,175	$ (446,709)	$ 1,805,466

SCHEDULE “B”
FINANCIAL STATEMENTS OF LONGACRE RESOURCES INC.

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To: Longacre Resources Inc.

We consent to the use of our report to the shareholders of Longacre Resources Inc. (the "Company") on the statements of financial position of the Company as at March 31, 2013, and the statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in the Listing Statement of the Company dated October 8, 2015 relating to the listing of the Company on the Canadian Securities Exchange. Our report is dated June 25, 2013.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
October 8, 2015

WOLRIGE MAHON

To: Longacre Resources Inc.

We consent to the use of our report to the shareholders of Longacre Resources Inc. (the "Company") on the statements of financial position of the Company as at March 31, 2015 and 2014, and the statements of comprehensive loss, changes in equity and cash flows for each of the years in the two-year period ended March 31, 2015, and a summary of significant accounting policies and other explanatory information in the Listing Statement of the Company dated October 6, 2015 relating to the listing of the Company on the Canadian Securities Exchange. Our report is dated July 13, 2015.

Wolrige Mahon LLP

Chartered Professional Accountants
Vancouver, British Columbia
October 6, 2015

LONGACRE RESOURCES INC.
(An Exploration Stage Company)

ANNUAL FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the years ended March 31, 2014 and 2013

LONGACRE RESOURCES INC.
FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the years ended March 31, 2014 and 2013

WOLRIGE MAHON
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Longacre Resources Inc.

We have audited the accompanying financial statements of Longacre Resources Inc., which comprise the statement of financial position as at March 31, 2014, and the statement of comprehensive loss, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Longacre Resources Inc. as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which indicates that Longacre Resources Inc. incurred a net loss of $31,026 and a working capital deficiency of $94,007. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about Longacre Resources Inc.'s ability to continue as a going concern.

Other Matter

The financial statements of Longacre Resources Inc. for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on June 25, 2013.

"Wolrige Mahon LLP"

CHARTERED ACCOUNTANTS

June 30, 2014
Vancouver, B.C.

LONGACRE RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2014	March 31, 2013
ASSETS		
Current		
Cash	$ 546	$ 2,657
Amounts receivable	650	20,902
	1,196	23,559
Non-Current		
Exploration and evaluation assets (Note 3)	107,363	120,500
Total Assets	$ 108,559	$ 144,059
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 95,203	$ 99,677
EQUITY		
Share capital (Note 4)	302,500	302,500
Deficit	(289,144)	(258,118)
	13,356	44,382
Total Liabilities and Equity	$ 108,559	$ 144,059

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on June 30, 2014:

"Mark Holden" Director "*Jeff Lightfoot*" Director

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

LONGACRE RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended March 31, 2014	Year ended March 31, 2013
EXPENSES		
Management fees (Note 5)	$ -	$ 2,500
General and administrative	2,977	9,246
Professional fees (Note 5)	20,488	50,138
Stock based compensation (Note 4)	-	(20,000)
Financing costs (Notes 1 and 5)	7,561	66,423
	31,026	108,307
Net and comprehensive loss for the period	$ (31,026)	$ (108,307)
Loss per share – basic and diluted	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding – basic and diluted	6,070,000	6,235,589

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

LONGACRE RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (31,026)	$ (108,307)
Stock based compensation	-	(20,000)
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	(4,474)	84,677
Amounts receivable	20,252	(329)
Cash used in operating activities	(15,248)	(43,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	32,500
Cash provided by financing activities	-	32,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Tax credit	13,137	-
Cash provided by (used in) investing activities	13,137	-
Change in cash during the year	(2,111)	(11,459)
Cash, beginning of year	2,657	14,116
Cash, end of year	$ 546	$ 2,657
Supplemental disclosures		
Interest paid	$ -	$ 94
Income tax paid	$ -	$ -

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

LONGACRE RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares		Amount		Deficit		Total
Balance, March 31, 2012	5,920,000	$	295,000	$	(149,811)	$	145,189
Shares issued:							
Private placement							
Cash, $0.05 per share	650,000		32,500		-		32,500
Founder's share redemption	(500,000)		(25,000)		-		(25,000)
Net loss for the year	-		-		(108,307)		(108,307)
Balance, March 31, 2013	6,070,000		302,500		(258,118)		44,382
Net loss for the year	-		-		(31,026)		(31,026)
Balance, March 31, 2014	6,070,000	$	302,500	$	(289,144)	$	13,356

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Longacre Resources Inc. (the "Company") was incorporated under the laws of the province of British Columbia on April 13, 2011. The Company's principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 2900 - 595 Burrard Street, Vancouver B.C.

The Company is in the process of exploring its mineral property interests and has not yet determined whether the Christa-Aura property contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for the investment in the Christa-Aura property is entirely dependent upon the existence of economically recoverable mineral reserves; the ability of the Company to obtain the necessary financing to complete the exploration and development of the Christa-Aura property; obtaining the necessary permits to mine; and future profitable production or proceeds from the disposition of the investment in the Christa-Aura property.

These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended March 31, 2014 the Company incurred a net loss of $31,026 and at March 31, 2014 had a working capital deficiency of $94,007. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and ultimately the achievement of profitable operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Pursuant to an Engagement Letter dated March 9, 2012, amended July 24, 2012, the Company engaged Wolverton Securities Ltd. to act as its agent to assist with the Company's initial public offering ("IPO") of its securities by way of prospectus and the Company's listing on the TSX Venture Exchange. The Company received regulatory approval for its IPO prospectus from the British Columbia and Alberta Securities Commissions on January 21, 2013. The Company planned to raise $600,000 by the issuance of 4,000,000 common shares at $0.15 per common share. The IPO expired on April 21, 2013 without having been sold; and management determined that, given the then current market conditions, not to seek to extend the offering. As such, $7,561 of deferred costs related to the IPO was written off during the year ended March 31, 2014 (2013 - $66,423).

The Company intends to complete the IPO when market conditions improve.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

(b) Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(c) Financial Instruments

Non-derivative financial assets:

The Company classifies its non-derivative financial assets as fair value through profit or loss, available-for-sale financial assets, held-to-maturity or loans and receivables.

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company does not have any assets classified as FVTPL.

Available-for-sale financial assets
Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from the amortized cost of the monetary asset is recognized in profit or loss. The change in fair value of AFS equity investments is recognized in other comprehensive income or loss.

The Company does not have any assets classified as AFS financial assets.

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

The Company has classified cash as loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

Held-to-maturity investments
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

The Company does not have any assets classified as held-to-maturity.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

(d) Exploration and Evaluation Expenditures
Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and Evaluation Expenditures (continued)

<u>Exploration and Evaluation Expenditures</u>

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(e) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment (continued)

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Cash

Cash in the statement of financial position comprises cash held at a major financial institution. The Company's cash is invested in a business account which is available on demand by the Company for expenditures.

(g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) share capital, equal to the market value of the shares, ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as other liabilities, and iii) if applicable, reserve for warrants, equal to the remaining proceeds received. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Flow-through Shares (continued)

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

(j) Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

(l) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(m) Deferred Financing Costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

(n) Segment Reporting

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties.

The Company's only mineral property interest, the Christa-Aura property is in British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves significant judgment made by management.

(p) Recent Accounting Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2014 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

(b) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	March 31, 2013	Additions (recoveries)	March 31, 2014
CHRISTA-AURA PROPERTY,			
Acquisition costs:	$ 17,153	$ -	$ 17,153
	17,153	-	17,153
Exploration costs:			
Mapping	34,258	-	34,258
Geophysical	25,353	-	25,353
Geochemical	7,096	-	7,096
Field supplies and equipment rental	11,994	-	11,994
Geological consulting	24,646	-	24,646
Tax credit	-	(13,137)	(13,137)
	103,347	(13,137)	90,210
Balance	**$ 120,500**	**$ (13,137)**	**$ 107,363**

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia, by staking the claims at a cost of $17,153.

4. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, with one vote per share

b) Issued

(i) During fiscal 2012 2,000,000 common shares were issued at $0.01 per share for cash of $20,000, the "Founders'

(ii) shares". The fair value of these escrow shares issued to the Directors and officers of the Company was determined to be $100,000. As a result, $80,000 ($100,000-$20,000) of stock-based compensation was expensed in the period ended March 31, 2012. These common shares are held in escrow and will be released pro-rata to the shareholders with 10% of the escrow securities being released upon the date the common shares are listed for trading on the TSX Venture Exchange, 1/6 of remainder being released after 6 months, 1/5 of remainder being released after 12 months, 1/4 of remainder being released after 18 months, 1/3 of remainder being released after 24 months, 1/2 of remainder being released after 30 months and the remaining being released after 36 months from listing.

(iii) During fiscal 2012 the Company issued 1,200,000 flow-through common shares, and 600,000 non flow-through common shares and an equivalent number of common share purchase warrants at a price of $0.05 per unit for proceeds of $90,000.

(iv) During fiscal 2012 2,120,000 common shares and an equivalent number of common share purchase warrants were issued at $0.05 per unit for cash of $106,000. The Company paid issue costs of $1,000.

(v) During fiscal 2013, 650,000 common shares and an equivalent number of common share purchase warrants were issued at $0.05 per unit for cash of $32,500.

(vi) During fiscal, 2013, the Company redeemed 500,000 previously issued Founders' shares paying $0.01 per share for total cash consideration of $5,000. There was a corresponding reduction in the fair value of the Founders shares of $20,000 see note 4(b)(i), and an equivalent reduction in the stock based compensation expense. There remain 1,500,000 Founders shares subscribed for at $0.01 per share.

c) Warrants and options

There are 4,570,000 common share purchase warrants outstanding as at March 31, 2014 and 2013. Each of the warrants entitles the holder thereof to acquire one additional common share of the Company at $0.10 per share at any time until 24 months following the date the Company's shares are first listed for trading on a stock exchange in North America. The Company valued the warrants at $ Nil, using the residual value approach.

d) Stock option plan

Effective March 31, 2012 the Company adopted a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under this plan, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years.

At March 31, 2014 and 2013 there are no options outstanding.

(Expressed in Canadian Dollars)

5. RELATED PARTY BALANCES AND TRANSACTIONS

During the year ended March 31, 2014 and 2013, the Company:

- paid management fees of $Nil (2013 - $2,500) to a company controlled by a director and president of the Company.
- paid or accrued legal fees for deferred share issue costs of $7,561 (2013 - $46,606) to a legal firm with a partner who is a director of the Company. As at March 31, 2014, $57,133 remains in accounts payable and accrued liabilities.
- paid or accrued legal fees of $268 (2013 - $3,308) to a legal firm with a partner who is a director of the Company.
- paid professional fees of $12,000 (2013 - $30,000) to a company controlled by an officer of the Company, at March 31, 2014 $20,100 remains in accounts payable and accrued liabilities.

As at March 31, 2014, accounts payable and accrued liabilities included $5,000 owed to directors of the Company in relation to repurchased shares - see Note 4(b)(v).

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. INCOME TAXES

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

		March 31, 2014		**March 31, 2013**
Canadian tax rate		26.00%		25.00%
Income tax benefit computed at statutory rates	$	(8,000)	$	(27,000)
Items not deductible (taxable) for tax purposes		-		(5,000)
Effect of change in tax rates		(1,400)		-
Unrecognized deferred tax assets		9,400		32,000
	$	-	$	-

The significant components of the Company's unrecorded deferred income tax assets (liabilities) are as follows:

		March 31, 2014		**March 31, 2013**
Deferred income tax assets (liabilities)				
Exploration and evaluation assets	$	(15,600)	$	(15,000)
Non-capital losses		59,700		49,600
Share issue costs		100		200
Unrecognized deferred tax assets		(44,200)		(34,800)
	$	-	$	-

(Expressed in Canadian Dollars)

6. INCOME TAX (continued)

As at March 31, 2014, the Company had estimated non-capital losses for Canadian tax purposes of $230,000. These losses may be carried forward to reduce taxable income derived in future years. A summary of non-capital losses and their year or expire are as follows:

Year of expiry	Non-Capital Loss
2032	$ 70,000
2033	129,000
2034	31,000
	$ 230,000

7. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company’s holdings of cash. The Company’s cash is maintained in a business account and are available on demand. The Company has only current trade payable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

7. FINANCIAL RISK MANAGEMENT (continued)

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

8. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of cash and equity attributable to common shareholders, consisting of issued share capital, and deficit. The Company is not subject to any externally imposed capital requirements.

LONGACRE RESOURCES INC.

(An Exploration Stage Company)

ANNUAL FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the years ended March 31, 2015 and 2014

WOLRIGE MAHON

Independent Auditor's Report

To the Shareholders of
Longacre Resources Inc.

We have audited the accompanying financial statements of Longacre Resources Inc., which comprise the statements of financial position as at March 31, 2015 and 2014, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Longacre Resources Inc. as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describe the material uncertainty that may cast significant doubt about the ability of Longacre Resources Inc. to continue as a going concern.

"Wolrige Mahon LLP"

Chartered Professional Accountants
Vancouver, British Columbia
July 13, 2015

LONGACRE RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2015	March 31, 2014
ASSETS		
Current		
Cash	$ 1,301	$ 546
Amounts receivable	-	650
	1,301	1,196
Non-Current		
Exploration and evaluation assets (Note 3)	-	107,363
Total Assets	$ 1,301	$ 108,559
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 35,474	$ 95,203
EQUITY		
Share capital (Note 4)	302,500	302,500
Deficit	(336,673)	(289,144)
	(34,173)	13,356
Total Liabilities and Equity	$ 1,301	$ 108,559

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on July 13, 2015:

"Mark Holden" Director "*Jeff Lightfoot*" Director

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

LONGACRE RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended March 31, 2015	Year ended March 31, 2014
EXPENSES		
General and administrative	$ 2,481	$ 2,977
Professional fees (Note 5)	42,810	20,488
Financing costs (Notes 1 and 5)	-	7,561
	45,291	31,026
Loss before other items	(45,291)	(31,026)
Other items		
Gain on debt forgiveness	105,125	-
Exploration and evaluation asset written off (Note 5)	(107,363)	-
	2,238	-
Net and comprehensive loss for the year	$ (47,529)	$ (31,026)
Loss per share – basic and diluted	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted	2,663,959	3,035,000

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

LONGACRE RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (47,529)	$ (31,026)
Gain on debt forgiveness	(105,125)	-
Exploration and evaluation asset written off	107,363	-
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	35,935	(4,474)
Amounts receivable	614	20,252
Cash used in operating activities	(8,742)	(15,248)
CASH FLOWS FROM FINANCING ACTIVITY		
Loans received	9,497	-
Cash provided by financing activity	9,497	-
CASH FLOWS FROM INVESTING ACTIVITY		
Tax credit recovered	-	13,137
Cash provided by (used in) investing activity	-	13,137
Change in cash during the year	755	(2,111)
Cash, beginning of year	546	2,657
Cash, end of year	$ 1,301	$ 546
Supplemental disclosures		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -

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

LONGACRE RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Deficit	Total
Balance, March 31, 2013	3,035,000	$ 302,500	$ (258,118)	$ 44,382
Net loss for the year	-	-	(31,026)	(31,026)
Balance, March 31, 2014	3,035,000	302,500	(289,144)	13,356
Shares cancelled	(2,335,000)	-	-	-
Net loss for the year	-	-	(47,529)	(47,529)
Balance, March 31, 2015	700,000	$ 302,500	$ (336,673)	$ (34,173)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Longacre Resources Inc. (the "Company") was incorporated under the laws of the province of British Columbia on April 13, 2011. The Company's principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 2900 - 595 Burrard Street, Vancouver B.C.

The Company has abandoned its Exploration and Evaluation Property, and is in the process of finalizing a Reverse Take Over arrangement with Golden Leaf Holdings Inc. (note 9).

The Company consolidated its share capital on a 2 old for 1 new basis on May 14, 2015. All references to share and per share amounts have been adjusted to reflect the share consolidation on a retrospective basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended March 31, 2015 the Company incurred a net loss of $47,529 and at March 31, 2015 had a working capital deficiency of $34,173. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and ultimately the achievement of profitable operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

(b) Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments

Non-derivative financial assets:

The Company classifies its non-derivative financial assets as fair value through profit or loss, available-for-sale financial assets, held-to-maturity or loans and receivables.

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company does not have any assets classified as FVTPL.

Available-for-sale financial assets
Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from the amortized cost of the monetary asset is recognized in profit or loss. The change in fair value of AFS equity investments is recognized in other comprehensive income or loss.

The Company does not have any assets classified as AFS financial assets.

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

The Company has classified cash as loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

Held-to-maturity investments
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

The Company does not have any assets classified as held-to-maturity.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities
These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

(d) Exploration and Evaluation Expenditures
Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and Evaluation Expenditures (continued)

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(e) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment (continued)

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Cash

Cash in the statement of financial position comprises cash held at a major financial institution. The Company's cash is invested in a business account which is available on demand by the Company for expenditures.

(g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) share capital, equal to the market value of the shares, ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as other liabilities, and iii) if applicable, reserve for warrants, equal to the remaining proceeds received. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Flow-through Shares (continued)

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

(j) Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

(l) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(m) Deferred Financing Costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

(n) Segment Reporting

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties.

The Company's mineral property interest, the Christa-Aura property is in British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves significant judgment made by management.

(p) Recent Accounting Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2015 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

		March 31, 2014		Additions (recoveries and amounts written off)		March 31, 2015
CHRISTA-AURA PROPERTY,						
Acquisition costs:	$	17,153	$	(17,153)	$	-
		17,153		(17,153)		-
Exploration costs:						
Mapping		34,258		(32,258)		-
Geophysical		25,353		(25,353)		-
Geochemical		7,096		(7,096)		-
Field supplies and equipment rental		11,994		(11,994)		-
Geological consulting		24,646		(24,646)		-
Tax credit		(13,137)		13,137		-
		90,210		(90,210)		-
Balance	**$**	**107,363**	**$**	**(107,363)**	**$**	**-**

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia, by staking the claims at a cost of $17,153.

Management decided to abandon the property during the current year, and all costs have been written off.

4. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, with one vote per share

b) Issued

(i) During fiscal 2012 1,000,000 common shares were issued at $0.02 per share for cash of $20,000, the "Founders' shares". The fair value of these escrow shares issued to the Directors and officers of the Company was determined to be $100,000. As a result, $80,000 ($100,000-$20,000) of stock-based compensation was expensed in the period ended March 31, 2012. These common shares were held in escrow and were to be released pro-rata to the shareholders over 36 months from the date of listing on the TSX-V.

(ii) During fiscal 2012 the Company issued 600,000 flow-through common shares, and 300,000 non flow-through common shares and an equivalent number of common share purchase warrants at a price of $0.10 per unit for proceeds of $90,000.

(iii) During fiscal 2012 1,060,000 common shares and an equivalent number of common share purchase warrants were issued at $0.10 per unit for cash of $106,000. The Company paid issue costs of $1,000.

(iv) During fiscal 2013, 325,000 common shares and an equivalent number of common share purchase warrants were issued at $0.10 per unit for cash of $32,500.

(v) During fiscal, 2013, the Company redeemed 250,000 previously issued Founders' shares paying $0.02 per share for total cash consideration of $5,000. There was a corresponding reduction in the fair value of the Founders shares of $20,000 see note 4(b)(i), and an equivalent reduction in the stock based compensation expense. There remain 750,000 Founders shares subscribed for at $0.02 per share. The amount owing of $5,000 was written off during fiscal 2015.

(vi) During fiscal 2015, the Company cancelled 2,335,000 shares, and all outstanding warrants.

c) Warrants and options

There are Nil (2,285,000 – 2014) common share purchase warrants outstanding as at March 31, 2015. Each of the warrants entitles the holder thereof to acquire one additional common share of the Company at $0.20 per share at any time until 24 months following the date the Company's shares are first listed for trading on a stock exchange in North America. The Company valued the warrants at $ Nil, using the residual value approach. All outstanding warrants were cancelled during fiscal 2015.

d) Stock option plan

Effective March 31, 2012 the Company adopted a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under this plan, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years.

At March 31, 2015 and 2014 there are no options outstanding.

(Expressed in Canadian Dollars)

5. RELATED PARTY BALANCES AND TRANSACTIONS

During the year ended March 31, 2015 and 2014, the Company:

- paid or accrued legal fees for deferred share issue costs of $Nil (2014 - $7,561) to a legal firm with a partner who is a director of the Company.
- paid or accrued legal fees of $18,874 (2014 - $268) to a legal firm with a partner who is a director of the Company, at March 31, 2015 $18,874 remains in accounts payable and accrued liabilities.
- paid or accrued professional fees of $14,000 (2014 - $12,000) to a company controlled by an officer of the Company, at March 31, 2015 $5,000 remains in accounts payable and accrued liabilities.
- certain Directors and officers forgave amounts due to them of $92,347.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. INCOME TAXES

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

		March 31, 2015		March 31, 2014
Canadian tax rate		26.00%		26.00%
Income tax benefit computed at statutory rates	$	(12,400)	$	(8,000)
Items not deductible (taxable) for tax purposes		-		-
Effect of change in tax rates		-		(1,400)
Unrecognized deferred tax assets		12,400		9,400
	$	-	$	-

The significant components of the Company’s unrecorded deferred income tax assets (liabilities) are as follows:

		March 31, 2015		March 31, 2014
Deferred income tax assets (liabilities)				
Exploration and evaluation assets	$	8,900	$	(15,600)
Non-capital losses		44,200		59,700
Share issue costs		100		100
Unrecognized deferred tax assets		(53,200)		(44,200)
	$	-	$	-

(Expressed in Canadian Dollars)

6. INCOME TAX (continued)

As at March 31, 2015, the Company had estimated non-capital losses for Canadian tax purposes of $170,000. These losses may be carried forward to reduce taxable income derived in future years. A summary of non-capital losses and their year or expire are as follows:

Year of expiry	Non-Capital Loss
2033	$ 93,000
2034	31,000
2035	46,000
	$ 170,000

7. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is maintained in a business account and are available on demand. The Company has only current trade payable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

7. FINANCIAL RISK MANAGEMENT (continued)

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

8. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of cash and equity attributable to common shareholders, consisting of issued share capital, and deficit. The Company is not subject to any externally imposed capital requirements.

9. SUBSEQUENT EVENTS

On May 14, 2015, the Company consolidated its shares on a 1 new for 2 old share basis, which resulted in there being 700,000 shares issued and outstanding immediately after the share consolidation.

On May 22, 2015 the Company issued 75,000 shares in a debt settlement arrangement.

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. ("GLH"). The Company proposes to acquire all of the issued and outstanding shares of GLH pursuant to a three-cornered amalgamation, whereby (i) the Company will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with GLH, to form an amalgamated subsidiary of the Company, and (ii) the Company will issue common shares of the Company to the shareholders of GLH on a one-for-one basis. There are currently 775,000 common shares of the Company issued and outstanding. On closing, including completion of a private placement financing, it is expected there will be 54,136,166 GLH shares outstanding. As a result of the amalgamation, the Company expects to have approximately 54,911,166 issued and outstanding common shares on an undiluted basis. In addition the Company expects to issue 23,111,135 warrants, 4,250,000 options and an additional 1,000,000 shares to existing security holders of GLH.

GLH is currently undertaking a private placement to raise up to C$8,000,000 through the issuance of its common shares at C$1.25 per share. Upon closing of the amalgamation, all shares of GLH issued in connection with the private placement will be exchanged for shares of the Company on the same one-for-one basis.

Finders fees, in cash or equity instruments may be payable on the transaction.

LONGACRE RESOURCES INC.

(An Exploration Stage Company)

FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

For the three months ended June 30, 2015 and 2014

LONGACRE RESOURCES INC.
FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
For the three month period ended June 30, 2015 and 2014

LONGACRE RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2015	March 31, 2015
ASSETS		
Current		
Cash	$ 1,277	$ 1,301
Amounts receivable	-	-
	1,277	1,301
Non-Current		
Exploration and evaluation assets (Note 3)	-	-
Total Assets	$ 1,277	$ 1,301
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 49,563	$ 35,474
EQUITY		
Share capital (Note 4)	306,250	302,500
Deficit	(354,536)	(336,673)
	(48,286)	(34,173)
Total Liabilities and Equity	$ 1,277	$ 1,301

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on August 31, 2015:

"Mark Holden" Director *"Jeff Lightfoot"* Director

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

LONGACRE RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30, 2015	Three months ended June 30, 2014
EXPENSES		
General and administrative	$ 3,774	$ 36
Professional fees (Note 5)	14,089	3,000
	17,863	3,036
Net and comprehensive loss for the period	$ (17,863)	$ (3,036)
Loss per share – basic and diluted	$ (0.02)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	732,143	3,035,000

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

LONGACRE RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30, 2015	Three months ended June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (17,863)	$ (3,036)
Non-cash transactions		
Shares issued for debt settlement	3,750	-
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	14,089	3,150
Amounts receivable	-	(150)
Cash used in operating activities	(24)	(36)
Change in cash during the period	(24)	(36)
Cash, beginning of period	1,301	546
Cash, end of period	$ 1,277	$ 510
Supplemental disclosures		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -

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

LONGACRE RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Amount	Deficit	Total
Balance, March 31, 2014	3,035,000	$ 302,500	$ (289,144)	$ 13,356
Net loss for the period	-	-	(3,036)	(3,036)
Balance, June 30, 2014	3,035,000	302,500	(292,180)	10,320
Balance, March 31, 2015	700,000	302,500	(336,673)	(34,173)
Shares issued for debt	75,000	3,750	-	3,750
Net loss for the period	-	-	(17,863)	(17,863)
Balance, June 30, 2015	775,000	$ 306,250	$ (354,536)	$ (48,286)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Longacre Resources Inc. (the "Company") was incorporated under the laws of the province of British Columbia on April 13, 2011. The Company's principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 2900 - 595 Burrard Street, Vancouver B.C.

The Company has abandoned its Exploration and Evaluation Property, and is in the process of finalizing a Reverse Take-Over arrangement with Golden Leaf Holdings Inc. (note 9).

The Company consolidated its share capital on a 2 old for 1 new basis on May 14, 2015. All references to share and per share amounts have been adjusted to reflect the share consolidation on a retrospective basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three months ended June 30, 2015 the Company incurred a net loss of $17,863 and at June 30, 2015 had a working capital deficiency of $48,286. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and ultimately the achievement of profitable operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

(b) Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments

Non-derivative financial assets:

The Company classifies its non-derivative financial assets as fair value through profit or loss, available-for-sale financial assets, held-to-maturity or loans and receivables.

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company does not have any assets classified as FVTPL.

Available-for-sale financial assets
Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from the amortized cost of the monetary asset is recognized in profit or loss. The change in fair value of AFS equity investments is recognized in other comprehensive income or loss.

The Company does not have any assets classified as AFS financial assets.

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

The Company has classified cash as loans and receivables.

Held-to-maturity investments
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

The Company does not have any assets classified as held-to-maturity.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities
These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

(d) Exploration and Evaluation Expenditures
Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and Evaluation Expenditures (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(e) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash

Cash in the statement of financial position comprises cash held at a major financial institution. The Company's cash is invested in a business account which is available on demand by the Company for expenditures.

(g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) share capital, equal to the market value of the shares, ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as other liabilities, and iii) if applicable, reserve for warrants, equal to the remaining proceeds received. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Restoration, Rehabilitation, and Environmental Obligations (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

(l) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(m) Deferred Financing Costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

(n) Segment Reporting

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties.

The Company's former mineral property interest, the Christa-Aura property is in British Columbia.

(o) Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves significant judgment made by management.

(p) Recent Accounting Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2015 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. EXPLORATION AND EVALUATION ASSETS

	March 31, and June 30, 2014	Additions (recoveries and amounts written off)	March 31, and June 30, 2015
CHRISTA-AURA PROPERTY,			
Acquisition costs:	$ 17,153	$ (17,153)	$ -
	17,153	(17,153)	-
Exploration costs:			
Mapping	34,258	(32,258)	-
Geophysical	25,353	(25,353)	-
Geochemical	7,096	(7,096)	-
Field supplies and equipment rental	11,994	(11,994)	-
Geological consulting	24,646	(24,646)	-
Tax credit	(13,137)	13,137	-
	90,210	(90,210)	-
Balance	**$ 107,363**	**$ (107,363)**	**$ -**

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia, by staking the claims at a cost of $17,153.

Management decided to abandon the property during the prior year, and all costs have been written off.

4. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, with one vote per share.

b) Issued

(i) During fiscal 2012 1,000,000 common shares were issued at $0.02 per share for cash of $20,000, (the "Founders' shares"). The fair value of these Founders' shares, as issued to the Directors and officers of the Company and placed in escrow, was determined to be $100,000. As a result, $80,000 ($100,000-$20,000) of stock-based compensation was expensed in the period ended March 31, 2012. These common shares were held in escrow and were to be released pro-rata to the shareholders over 36 months from the date of listing on the TSX-V.

(ii) During fiscal 2012 the Company issued 600,000 flow-through common shares, and 300,000 non flow-through common shares and an equivalent number of common share purchase warrants at a price of $0.10 per unit for aggregate cash proceeds of $90,000.

(iii) During fiscal 2012 1,060,000 common shares and an equivalent number of common share purchase warrants were issued at $0.10 per unit for aggregate cash proceeds of $106,000. The Company paid issue costs of $1,000.

(iv) During fiscal 2013, 325,000 common shares and an equivalent number of common share purchase warrants were issued at $0.10 per unit for aggregate cash proceeds of $32,500.

(v) During fiscal, 2013, the Company redeemed 250,000 previously issued Founders' shares paying $0.02 per share for total cash consideration of $5,000. There was a corresponding reduction in the fair value of the Founders shares of $20,000 (see note 4(b)(i)), and an equivalent reduction in the stock based compensation expense. The amount owing of $5,000 was written off during fiscal 2015.

(vi) During fiscal 2015, the Company cancelled 2,335,000 shares (including the remaining 750,000 Founders' shares), and all outstanding warrants.

(vii) The Company consolidated its remaining share capital on a 2 old for 1 new basis on May 14, 2015, such that 700,000 shares remained outstanding. All references to share and per share amounts have been adjusted to reflect the share consolidation on a retrospective basis.

(viii) On May 22, 2015 the Company issued 75,000 post-consolidated shares in a debt settlement arrangement for $3,750.

c) Warrants and options

There are Nil (2,285,000 – 2014) common share purchase warrants outstanding as at June 30, 2015. Each of the former warrants entitled the holder thereof to acquire one common share of the Company at $0.20 per share at any time until 24 months following the date the Company's shares were first listed for trading on a stock exchange in North America. The Company valued the warrants at $ Nil, using the residual value approach. All outstanding warrants were cancelled during fiscal 2015.

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL AND RESERVES (continued)

d) Stock option plan

Effective March 31, 2012 the Company adopted a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under this plan, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years.

At June 30, 2015 and 2014 there are no options outstanding.

5. RELATED PARTY BALANCES AND TRANSACTIONS

During the three months ended June 30, 2015 (and 2014), the Company:

- paid or accrued legal fees of $10,888 (2014 - $684) to a legal firm with a partner who is a director of the Company. At June 30, 2015, $29,810 remains in accounts payable and accrued liabilities.
- paid or accrued professional fees of $3,000 (2014 - $3,000) to a company controlled by an officer of the Company. At June 30, 2015, $8,400 remains in accounts payable and accrued liabilities.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. INCOME TAXES

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

		March 31, 2015		March 31, 2014
Canadian tax rate		26.00%		26.00%
Income tax benefit computed at statutory rates	$	(12,400)	$	(8,000)
Items not deductible (taxable) for tax purposes		-		-
Effect of change in tax rates		-		(1,400)
Unrecognized deferred tax assets		12,400		9,400
	$	-	$	-

(Unaudited - Expressed in Canadian Dollars)

6. INCOME TAXES (continued)

The significant components of the Company's unrecorded deferred income tax assets (liabilities) are as follows:

		March 31, 2015		March 31, 2014
Deferred income tax assets (liabilities)				
Exploration and evaluation assets	$	8,900	$	(15,600)
Non-capital losses		44,200		59,700
Share issue costs		100		100
Unrecognized deferred tax assets		(53,200)		(44,200)
	$	-	$	-

As at March 31, 2015, the Company had estimated non-capital losses for Canadian tax purposes of $170,000. These losses may be carried forward to reduce taxable income derived in future years. A summary of non-capital losses and their year or expire are as follows:

Year of expiry	Non-Capital Loss	
2033	$	93,000
2034		31,000
2035		46,000
	$	170,000

7. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is maintained in a business account and are available on demand. The Company has only current trade payable.

7. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

9. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of cash and equity attributable to common shareholders, consisting of issued share capital, and deficit. The Company is not subject to any externally imposed capital requirements.

10. SUBSEQUENT EVENT

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. ("GLH"). The Company proposes to acquire all of the issued and outstanding shares of GLH pursuant to a three-cornered amalgamation, whereby (i) the Company will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with GLH, to form an amalgamated subsidiary of the Company, and (ii) the Company will issue common shares of the Company to the shareholders of GLH on a one-for-one basis. There are currently 775,000 common shares of the Company issued and outstanding. On closing, including completion of a private placement financing, it is expected there will be 54,136,166 GLH shares outstanding. As a result of the amalgamation, the Company expects to have approximately 54,911,166 issued and outstanding common shares on an undiluted basis. In addition the Company expects to issue 23,111,135 warrants, 4,250,000 options and an additional 1,000,000 shares to existing security holders of GLH.

GLH is currently undertaking a private placement to raise up to C$8,000,000 through the issuance of its common shares at C$1.25 per share. Upon closing of the amalgamation, all shares of GLH issued in connection with the private placement will be exchanged for shares of the Company on the same one-for-one basis.

Finders fees, in cash or equity instruments may be payable on the transaction.

SCHEDULE "C"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF GOLDEN LEAF HOLDINGS INC. FOR THE PERIOD FROM INCORPORATION APRIL 8, 2014 TO DECEMBER 31, 2014 & THREE MONTHS ENDING DECEMBER 31, 2014

This "Management's Discussion and Analysis" ("MD&A") has been prepared as of October 1 2015, and should be read in conjunction with the audited consolidated financial statements of Golden Leaf Holdings Inc. (the "Company", "GLH") for the period from April 8, 2014 to December 31, 2014. The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in US dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward- looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company's current and future technologies, including the costs and potential impact of complying with existing and proposed laws and environmental regulations; management's outlook regarding commercialization of its tire recycling system and generation of revenues; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company's products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

OVERALL PERFORMANCE

On May 12, 2014 GLH entered into an asset purchase agreement with Andy Hartogh to acquire certain cannabis cultivation and processing assets for total consideration of US$680,000. GLH issued a promissory note in the amount of US$212,500 as partial consideration for the acquired assets. GLH also issued 2,925,000 common shares of GLH and 1,500,000 warrants with exercise price CAD$ 0.025 as the remainder of the consideration for the acquired assets. GLH has used these assets to assemble its cultivation facility and its oil extraction and processing facility located just outside Portland, Oregon. As part of the transaction, Mr. Hartogh signed an employment agreement with a wholly owned subsidiary of GLH, GPO and also entered into a non-competition and non-solicitation agreement with GLH.

In May 2014 the company entered into a lease arrangement with OMCC in Oregon in order to vertically integrate in the State of Oregon. OMCC successfully applied for a medicinal license to operate a retail dispensary in April 25, 2014 which was renewed April 25, 2015. In October 2014 LCC acquired the dispensary in exchange for 200,000 shares in GLH and assumption of US$27,000 of debt. In April 2015 the dispensary opened for retail business to registered patients in the state of Oregon.

The Company generated revenues of US$1,310,155 for the December 31, 2014 fisal period and gross profits of US$239,691. The Company recorded a net loss of US$(3,202,053) for the December 31, 2014 fiscal period. This included an inventory write-down of US$141,280.

Revenues were generated from the sale of cannabis oil products, edibles infused with cannabis oil and cannabis flower to licensed dispensaries throughout the state of Oregon through the wholly owned subsidiary GPO. The Company’s wholly owned subsidiary, Left Coast Connections, Inc., operates a licensed dispensary and sells cannabis products directly to patients.

However, the dispensary was not open to the public in fiscal 2014. Sales from the dispensary were to the Company's own registered patients only. Revenues from the sale of cannabis oil in the fiscal period to December 31, 2014 represented 73% of the Company's total revenues, while the sale of cannabis flower and edibles represented 23% and 4% of the Company's total revenues, respectively.

In the state of Oregon, there are 71,318 registered patients as at April 1, 2015 with permits to possess and consume cannabis for medicinal purposes. There are 230 dispensaries in the state of Oregon that sell cannabis product directly to patients. Medicinal cannabis is an approximately US$145 million industry in the state of Oregon.

Cannabis oil is made from Trim, which is plant material from the cannabis plant other than the flower. The Company is dependent on purchasing cannabis Trim from third parties as its own cultivation operation does not produce sufficient Trim necessary to sustain the raw material needs of its oil extraction operations. During the fiscal period ended December 31, 2014, the Company used 1,347 pounds of Trim for oil production and the Company's expense for the purchase of Trim was US$479,000. The average purchase price of one pound of Trim was US$357. The Trim purchased from third parties accounted for 100% of the Trim used. The financial condition and results of operation of the Company may be materially affected by a change in the price the Company pays for Trim and its availability. The Company intends to expand its cultivation facilities over the next 12 months with the intention of becoming self-reliant on the Trim from its own cultivation operations. If the Company is able to supply its own Trim, management believes the Company will be able to materially reduce its cost of cannabis oil production.

During the fiscal period ended December 31, 2014 the Company operated one CO2 oil extraction machine. One machine can process approximately 12 pounds of Trim per day which yields between 538 and 645 grams of cannabis oil. The Company produced 51,877 grams of CO2 cannabis oil in 2014 during 21 days of operation on average per month. The yield achieved was 8.59% and varied between 8.2% and 9.6%. Since the end of fiscal 2014, the Company purchased a second CO2 extraction to increase production. The company also commenced extracting cannabis oil with hydro-carbon in fiscal 2015. At the end of the fiscal period to December 31, 2014 the Company's cannabis products were being sold in 200 of the 230 licensed dispensaries.

45% of all sales of cannabis products to licensed dispensaries are on consignment and the average time between the supply of product and receipt of payment is typically between 15 and 30 days. An increase in the time it takes between the supply of products and receipt of payment may have an adverse effect on the financial condition, cash flows and results of operations of the Company. There is also a risk of the Company not being able to collect payment on consigned goods. The Company's rate of collection on consigned goods in fiscal 2014 was 43 days but has been reduced to 24 days currently. A lot of emphasis is placed on cash collections and lowering the proportion of sales on consignment. Daily monitoring of cash sales and receiving cash from previous consignment sales has helped to reduce the days of sales outstanding.

The fisal period ended December 31, 2014 was to establish the Company's operations and put the footprint of the vertical business model in place. As a result, the Company incurred larger than expected start-up and corporate infrastructure costs. General & administrative expenses were US$2,995,100 in fiscal 2014, which management expects will decrease on an annualized basis in fiscal 2015.

SELECTED ANNUAL INFORMATION

Selected Annual Information (US$)

	3 months to Dec		April 8, 2014 to Dec	
	2014	2013	2014	2013
Revenue	1,025,996	-	1,310,155	-
Cost of goods sold	(853,381)	-	(1,070,464)	-
Gross margin	172,615	-	239,691	-
Sales & marketing	(187,471)	-	(404,857)	-
Research & development	(21,615)	-	(21,615)	-
General & administrative	(1,695,871)	-	(2,995,100)	-
Depreciation & amortization	133,204	-	(8,076)	-
Results from operations	(1,599,138)	-	(3,189,957)	-
Interest income (expense)	(3,253)	-	(15,271)	-
Other financial	43,681	-	35,377	-
Tax payable	(2,817)		(32,202)	
Net income (loss)	(1,561,527)	-	(3,202,053)	-
Net income (loss) per share, basic & diluted	(0.07)		(0.14)	
Weighted average number of outstanding common shares	23,209,606		23,209,606	
Total assets	2,857,018	-	2,857,018	-
Non-current liabilities	582,728	-	582,728	-
Current liabilities	468,824	-	468,824	-
Net assets	1,805,466	-	1,805,466	-

RESULTS OF OPERATIONS

GPO generated revenues of US$1,115,242 and gross profits of US$209,310 and a gross margin of 18.8%. The largest contribution to gross profits came from CO2 oil products. The largest contribution to revenues within oil products came from cartridges, which continues to show rapid growth, followed by dabs. Edibles produced the highest margins in 2014.

The Company was able to increase revenues from the sales of CO2 oil products and edibles every month during the period under review. On a monthly basis CO2 oil product sales peaked in the fourth quarter as the extraction machine reached full capacity.

The grow operations have two harvests per month. During the period under review the Company harvested 40.6 pounds of flower from 24 plants. The average yield was 0.42 pounds per plant.

Left Coast Connections, Inc. generated revenues of US$194,913 and gross profits of US$30,381 and a gross margin of 15.6%. Revenues were generated from sales to GPO sales reps, who are registered patients. Left Coast Connections underwent refurbishing during the period under review and was not open for business to registered patients other than the Company's own. As a result LCC was not able to achieve its potential as a retail dispensary outlet yet.

SUMMARY OF QUARTERLY RESULTS

Summary of quarterly results (US$)

	Quarter ending		
	Jun-14	Sep-14	Dec-14
Revenue	-	284,159	1,025,996
Cost of goods sold	-	(217,083)	(853,381)
Gross margin	-	67,076	172,615
Sales & marketing	(15,212)	(202,174)	(187,471)
Research & development	-	-	(21,615)
General & administrative	(445,599)	(853,630)	(1,695,871)
Depreciation & amortization	-	(141,280)	133,204
Results from operations	(460,811)	(1,130,008)	(1,599,138)
Interest income (expense)	(4,101)	(7,917)	(3,253)
Other financial	(115,689)	107,385	43,681
Tax payable	-	(29,385)	(2,817)
Net income (loss)	(580,601)	(1,059,925)	(1,561,527)
Net income (loss) per share, basic & diluted	(0.03)	(0.05)	(0.07)
Weighted average number of outstanding common shares	23,209,606	23,209,606	23,209,606
Total assets	789,697	3,081,313	2,857,018
Non-current liabilities	-	-	582,728
Current liabilities	479,911	626,021	468,824
Net assets	309,786	2,455,292	1,805,466

The Company commenced operations in August and generated revenues of $83,712 in August. In September revenues were $194,386. Gross profits were US$67,076 in the September quarter. General & administrative expenses during the second and third quarter of 2014 were pre-dominantly legal fees, consulting fees and travel expenses.

Liquid assets were US$1,228,807 at the end of August. At the end of September liquid assets were US$1,341,335.

Revenues in the fourth quarter were US$1,025,996 and gross profits were US$172,615. The gross margin was 16.0%. An improvement in the yield of Trim conversion and higher labor productivity will help to improve gross profits and gross margins from sales of cannabis oil products. General & administrative expenses were US$1,695,871 explained by legal, consulting and a one-off US$100,000 contribution to the Measure 91 campaign. Also included was a US$141,280 inventory write-down.

The revenues from GPO were US$865,197 and gross profits were US$137,868. The gross margin achieved was 15.9%. Included in fourth quarter revenues were US$288,048 of cannabis flower sales.

Revenues from LCC were US$160,800 and gross profits were US$26,169. The gross margin was 16.2%. There were sales to the Company's own sales reps who are medical patients. There were no sales to registered medical patients other than the Company's own staff as LCC underwent refurbishing.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

As at December 31st, 2014 the Company had cash of US$600,078. The Company raised US$4,747,153 of common share capital in 2014. The use of proceeds was for the acquisition of the assets of Mount Hood, working capital and finance of operations.

Cash used in operating activities was US$3,638,019 including working capital requirements of US$1,116,499. Fixed assets purchases were US$658,042.

The Company ordered one CO2 extraction machine in September 2014. The total purchase price is US$180,510 of which US$93,488 was pre-paid.

The Company's authorized share capital is an unlimited number of common shares of which 52,957,166 shares were issued and outstanding as at December 31st, 2014.

Share capital

	Number of Shares	Amount (USD)
Balance, December 31st, 2013	-	-
Shares issued to founders	16,662,666	278,063
Shares issued as consideration for:		
Assets purchased	4,850,000	97,000
Private placement	800,000	18,422
Private placement	2,000,000	44,749
Exercise of warrants	1,000,000	26,912
Consulting services	200,000	35,033

Private placement	6,780,000	1,200,000
Private placement	20,664,500	3,046,974
Balance December 31st ,2014	52,957,166	4,747,153

(i) On April 8, 2014, the Company issued 16,662,666 common shares for past services rendered to the group of founders.

(ii) On May 12, 2014, the Company issued 4,850,000 common shares as part of the consideration for the purchase of assets from Andy Hartogh.

(iii) On May 13, 2014, the Company completed a non-brokered private placement for 800,000 units at CAD$ 0.025 per unit. Each unit includes one common share.

(iv) On September 2, 2014, the Company completed a non-brokered private placement for 2,000,000 units at CAD$ 0.025 per unit. Each unit includes one common share.

(v) On October 16, 2014, the Company issued 1,000,000 common shares for the exercise of warrants at CAD$ 0.02.

(vi) On November 20, 2014, the Company issued 200,000 common shares to a consultant for professional services rendered. The shares were issued at CAD$ 0.02 per share.

(vii) On November 10, 2014, the Company completed a brokered private placement for 6,780,000 units at CAD$ 0.20 per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of November 10, 2017 and have an exercise price of CAD$ 0.50 per share. The Company paid US$112,337 and issued 542,400 warrants with an expiry date of November 10, 2017 and exercise price of CAD$ 0.50 per share related to proceeds from the private placement.

(viii) During the period between June 13 and November 28, 2014, the Company completed a series of non-brokered private placements for 20,664,500 units at CAD$ 0.20 per unit. Each unit includes one common share and one-half warrant. The warrants have an expiry date of 3 years from the subscription date and have an exercise price of CAD$ 0.50 per share.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangement.

TRANSACTIONS BETWEEN RELATED PARTIES

The asset purchase agreement (the “APA”) entered into between Andy Hartogh and the Company on May 12, 2014 for assets purchased pursuant to the APA reflects the agreement of Golden Leaf Holdings, Inc. (the “Parent”), GPO (the “Buyer”) and Andy Hartogh (the “Seller”) for the sale and purchase of assets which were subject of the APA. The aggregate purchase price payable in consideration of the sale, transfer and conveyance to Buyer of the purchased assets is equal to an amount of US$680,800.

Andy Hartogh and GPO entered into a non-competition, non-disclosure and non-solicitation agreement dated May 12, 2014 for a period of five years following the closing of the APA.

GPO issued a promissory note May 12th, 2014 for an amount of US$212,500 payable in equal instalments by November 1st, 2014 including interest at 5% per year. The note was repaid in full in 2014.

FOURTH QUARTER

During the period under review the company continued with the re-modeling of the cultivation and grow facility and the refurbishing of the dispensary. Revenues were US$1,025,996 in the fourth quarter. Gross profits were US$164,037 and the gross margin was 16.0%. The Company achieved record sales in December with US$309,615.

Revenues were derived from CO2 oil products, flower sales and edibles. The Company operated one CO2 extraction machine with capacity to convert 12 pounds of Trim into oil per day. The Company used 797 pounds of Trim and produced 29,813 grams of CO2 cannabis oil during 22 days of operation on average per month. The yield was 8.35% in the fourth quarter of 2014 and varied between 8.2% and 8.7%.

The loss from operations was US$(1,599,138), explained by the low gross margin and high general and administrative expenses as legal, consulting and travel expenses weighed on results. Also included was an inventory write-down of US$141,280.

The largest contribution to revenues at GPO came from cartridges, followed by dabs. Revenues for GPO were US$865,196 in the fourth quarter 2014. Greenpoint’s business is wholesale to third party dispensaries.

The Company harvests twice a month. During the period under review 27.3 pounds were harvested from 72 plants and the yield achieved was 0.38 pounds per plant.

Left Coast Connections, Inc. generated revenues of US$160,800. Management expects it to generate good profits from its sales to registered medical patients.

RISK FACTORS

There are risks relating to the business carried on by the Issuer and/or GLH which prospective investors should carefully consider before deciding whether to purchase Issuer Shares. The Issuer and/or GLH will face a number of challenges in the development of its business. Due to the nature of the Issuer and/or the Issuer's business and present stage of the business, the Issuer may be subject to significant risks. Readers should carefully consider all such risks and readers are strongly encouraged to review in its entirety the section in this Listing Statement entitled *Risk Factors.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF GOLDEN LEAF HOLDINGS INC. FOR THE THREE MONTHS ENDING MARCH 31, 2015

This "Management's Discussion and Analysis" ("MD&A") has been prepared as of October 1, 2015, and should be read in conjunction with the un-audited consolidated financial statements of Golden Leaf Holdings Inc. (the "Company", "GLH") for the three months ending March 31, 2015. The Company's un-audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in US dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward- looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company's current and future technologies, including the costs and potential impact of complying with existing and proposed laws and environmental regulations; management's outlook regarding commercialization of its tire recycling system and generation of revenues; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company's products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

OVERALL PERFORMANCE

The Company generated revenues of US$1,483,420. The loss from operations for the period under review was US$(768,574). The Company reported a loss of US$(9,861,235) including other losses of US$8,841,892 related to warrants and options. Revenues progressed each month during the quarter explained by an increase in production capacity.

Gross profits improved to US$634,215, up from US$172,615 in the fourth quarter 2014. The gross margin for the three months under review was 42.7%, but increased to 49.5% in March 2015. The Company spent US$223,347 on marketing and sales, US$1,091,013 on general & administration, US$322,697 on professional fees related to warrants and US$75,787 on research & development.

The Company's total assets were US$3,283,036 on March 31, 2015. The Company raised US$221,000 of common share capital and US$500,000 in convertible debt. Shareholders' equity was US$(7,503,465) including other losses of US$8,841,892.

BUSINESS DEVELOPMENTS FIRST QUARTER 2015

(a) In January 2015 the first hydro-carbon machine was purchased which became operational in February.

(b) The Company successfully launched, Proper™, a branded hydro-carbon based product line in January 2015 to complement its range of CO_2 products (Golden XTRX™).

(c) In February 2015 the second CO_2 extraction machine was purchased which became operational in March 2015.

SUBSEQUENT EVENTS

(a) In April 2015 the second hydro-carbon machine was purchased. In the last week of April three ovens were ordered which enables the hydro-carbon machine to perform three runs and convert 15 pounds of Trim.

(b) In April 2015 the Company signed a ten year lease agreement with an option to purchase after two years of a 96 acre property near Aurora, Oregon with green houses, corporate buildings and outdoor grow facilities to build out the cultivation and grow activities. The lease of the property is an important development for the Company. The Company's head office will move from Portland to the new premises, all processing facilities will migrate to the new site and a project is under development to refurbish and expand the existing greenhouse facilities. In the initial phase 29,000 square feet is developed for breeding, 18,000 square feet is developed for cloning and 29,000 square feet is developed for commercial production. In December 2015 a further 108,000 square feet will be developed for commercial planting.

(c) In April 2015 the dispensary opened for retail business to registered patients in the state of Oregon.

RESULTS OF OPERATIONS

GPO includes the Company's cultivation and processing operations. Cannabis oil is made from Trim, which is plant material from the cannabis plant other than the flower. The Company is dependent on purchasing cannabis Trim from third parties as its own cultivation operation does not produce sufficient Trim necessary to sustain the raw material needs of its oil extraction operations. In the quarter ending March 31, 2015, the Company used 1,228 pounds of Trim for oil production and the Company's expense for the purchase of Trim was US$318,052. The average purchase price of one pound of Trim was US$259. The Trim purchased from third parties accounted for 100% of the Trim used. The financial condition and results of operation of the Company may be materially affected by a change in the price the Company pays for Trim and its availability. The Company intends to expand its cultivation facilities over the next 12 months with the intention of becoming self-reliant on the Trim from its own cultivation operations. If the Company is able to supply its own Trim, management believes the company will be able to materially reduce its cost of cannabis oil production.

The Company operated two CO2 oil extraction machines. One new machine came into operation on February 5, 2015. The Company produced 55,924 grams of CO2 cannabis oil in the three months to March 31, 2015 during 26 days of operation on average per month. This was an improvement from 29,813 grams of CO2 oil and 21 days of operation in the fourth quarter of 2014. The yield achieved was 10.1%, an improvement from 8.4% in the fourth quarter of 2014. The yield varied between 8.8% and 10.7%.

The Company also commenced extracting cannabis oil with hydro-carbon in January 2015. In the quarter ending March 31, 2015, the Company used 642 pounds of Trim for oil production and the Company's expense for the purchase of Trim was US$166,278.The Company produced 34,958 grams of hydro-carbon cannabis oil in the three months to March 31, 2015 during 24 days of operation on average per month. The yield achieved was 12.1%. The yield varied between

11.5% and 12.5%. Cannabis oil output is dependent on the number of runs of the hydro-carbon extraction machine, which in turn is dependent on the number of ovens in use. In January the Company operated one oven, enabling one run of the 15 pounds capacity machine. The maximum output is three runs per day per machine. In January 2015 two more ovens were purchased. In January the number of runs was 1.19 per day of operation, followed by 1.95 runs in February and 2.13 in March.

Flower production was 50.2 pounds in the quarter ending March 31, 2015. The yield per plant was 0.54 pounds.

Greenpoint Science Ltd. (GPS), the Israeli research & development subsidiary reported a net loss of US$- 75,787. The subsidiary generates no revenues. GPS supports operations at GPO and engages in external collaborations for cultivation and breeding.

SUMMARY OF QUARTERLY RESULTS

Summary of quarterly results (US$)

	Quarter ending			
	Jun-14	Sep-14	Dec-14	Mar-15
Revenue	-	284,159	1,025,996	1,483,420
Cost of goods sold	-	(217,083)	(853,381)	(849,205)
Gross margin	-	67,076	172,615	634,215
Sales & marketing	(15,212)	(202,174)	(187,471)	(223,347)
Research & development	-	-	(21,615)	(75,787)
General & administrative	(445,599)	(853,630)	(1,695,871)	(1,091,013)
Depreciation & amortization	-	(141,280)	133,204	(12,642)
Results from operations	(460,811)	(1,130,008)	(1,599,138)	(768,574)
Interest income (expense)	(4,101)	(7,917)	(3,253)	(7,509)
Other financial	(115,689)	107,385	43,681	(8,841,892)
Tax payable	-	(29,385)	(2,817)	(243,260)
Net income (loss)	(580,601)	(1,059,925)	(1,561,527)	(9,861,235)
Net income (loss) per share, basic & diluted	(0.03)	(0.05)	(0.07)	(0.19)
Weighted average number of outstanding common shares	23,209,606	23,209,606	23,209,606	52,489,288
Total assets	789,697	3,081,313	2,857,018	3,283,036
Non-current liabilities	-	-	582,728	9,422,810
Current liabilities	479,911	626,021	468,824	1,363,691
Net assets	309,786	2,455,292	1,805,466	(7,503,465)

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Company raised US$221,000 of common share capital in 2015 and US$500,000 in convertible loans. The use of proceeds was for capital expenditure, working capital and finance of operations. Cash used in operations was US$810,557 including working capital requirements of US$75,005 and adjusted for a non-cash loss on fair value adjustment to warrants liability of US$8,837,465. Fixed assets purchases were US$413,002.

As at March 31st, 2015 the company had cash of US$220,185.

The Company ordered one new CO_2 extraction machine in November 2014. The total purchase price is US$180,510 of which US$93,488 was pre-paid.

The Company's authorized share capital is an unlimited number of common shares of which 50,181,166 shares were issued and outstanding as at March 31st, 2015.

Share capital

	Number of Shares	Amount US$
Balance, December 31st, 2014	52,957,166	4,747,153
Shares issued as consideration for:		
Private placement	221,000	204,531
Shares cancelled	-2,997,000	(59,940)
Balance March 31st, 2015	50,181,166	4,891,744

(i) On February 28, 2015, the Company completed a non-brokered private placement for 221,000 units at US$1.00 per unit. Each unit includes one common share.

(ii) On March 12, 2015 the Company completed a non-brokers private placement for US$500,000 convertible loans, convertible at US$1.00 when the Company is listed on the CSE. Each convertible includes one warrant with exercise price US$1.00.

(i) The Company cancelled 2,997,000 shares related to an agreement with a company that was to provide services in exchange for shares. The company failed to deliver these services. The board

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangement.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company borrowed US$150,000 on February 2, 2015 from one of its employees to purchase a new CO_2 machine. The loan was repaid on March 16, 2015.

RISK FACTORS

Description of Risk Factors

There are risks relating to the business carried on by the Issuer and/or GLH which prospective investors should carefully consider before deciding whether to purchase Issuer Shares. The Issuer and/or GLH will face a number of challenges in the development of its business. Due to the nature of the Issuer and/or the Issuer's business and present stage of the business, the Issuer may be subject to significant risks. Readers should carefully consider all such risks and readers are strongly encouraged to review in its entirety the section in this Listing Statement entitled *Risk Factors*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF GOLDEN LEAF HOLDINGS INC. FOR THE THREE AND SIX MONTHS ENDING JUNE 30, 2015

This “Management’s Discussion and Analysis” (“MD&A”) has been prepared as of October 1, 2015, and should be read in conjunction with the un-audited consolidated financial statements of Golden Leaf Holdings Inc. (the “Company”, “GLH”) for the three and six months ending June 30, 2015. The Company’s un-audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in US dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company’s business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward- looking statements are not historical facts, but reflect the Company’s current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section “Risks and Uncertainties” below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company’s current and future technologies, including the costs and potential impact of complying with existing and proposed laws and environmental regulations; management’s outlook regarding commercialization of its tire recycling system and generation of revenues; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company’s products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

OVERALL PERFORMANCE

The Company generated revenues of US$3,400,432 in the second quarter of 2015 and revenues for the six months to June 30, 2015 were US$4,883,851. The Company reported a net loss of US$(2,786,998) for the three months to June 30, 2015 and US$(12,648,232) for the six months period to June 30, 2015.

Gross profits improved to US$1,227,361, up from US$634,215 in the first quarter 2015. The gross margin for the three months under review was 36.1% and 38.1% for the six months period to June 30, 2015. The Company spent US$333,810 on marketing and sales in the second quarter of 2015, US$3,246,027 on general & administration including US$1,416,453 in professional fees related to warrants and US$112,869 on research & development.

The Company's total assets were US$9,278,988 on June 30, 2015. The Company raised US$6,922,261 of common share capital during the second quarter of 2015 and US$7,066,852 for the six months ending June 30, 2015. Shareholders' equity after the deficit was US$(1,901,379).

BUSINESS DEVELOPMENTS SECOND QUARTER 2015

(d) On April 4, 2015 a second hydro-carbon machine went into operation. In the last week of April three ovens were ordered which enables the hydro-carbon machine to perform three runs and convert 15 pounds of Trim per day.

(e) In April 2015 the Company signed a ten year lease agreement with an option to purchase after two years of a 96 acre property near Aurora, Oregon with green houses, corporate buildings and outdoor grow facilities to build out the cultivation and grow activities. The lease of the property is an important development for the Company. The Company's head office will move from Portland to the new premises, all processing facilities will migrate to the new site and a project is under development to refurbish and expand the existing greenhouse facilities. In the initial phase 29,000 square feet is developed for breeding, 18,000 square feet is developed for cloning and 29,000 square feet is developed for commercial production. In December 2015 a further 108,000 square feet will be developed for commercial planting.

(f) In April 2015 the dispensary Left Coast Connections, Inc. opened for retail business to registered patients in the state of Oregon.

(g) On May 13, 2015 a third 12lb CO2 machine went into operation.

(h) On May 4, 2015 an order was placed to purchase two CO2 extraction machines for delivery at the end of July. The total purchase price of this order is US$320,600.

(i) On May 28, 2015 on order was placed to purchase five rota-vapors, vacuum pumps and chillers for delivery at the end of July. The total purchase price of this order is US$329,179.

(j) On May 29, 2015 an order was placed to purchase six CO2 extraction machines for delivery in August-September. The total purchase price of this order is US$961,800.

RESULTS OF OPERATIONS

Greenpoint Oregon, Inc. (GPO) includes the Company's cultivation and processing operations. Cannabis oil is made from Trim, which is plant material from the cannabis plant other than the flower. The Company is dependent on purchasing cannabis Trim from third parties as its own cultivation operation does not produce sufficient Trim necessary to sustain the raw material needs of its oil extraction operations. In the quarter ending June 30, 2015, the Company purchased 3,306 pounds of Trim and used 3,999 pounds of Trim for oil production. The Company's expense for the purchase of Trim was US$927,950 and the cost of Trim used in production was US$1,106,522. The average purchase price of one pound of Trim was US$281 for the period under review in comparison with US$259 for the first quarter of 2015. At the end of June the Trim inventory amounted to 1,026 pounds. The Trim purchased from third parties accounted for 100% of the Trim used. The financial condition and results of operations of the Company may be materially affected by a change in the price the Company pays for Trim and its availability. The Company intends to expand its cultivation facilities over the next 12 months with the intention of becoming self-reliant on the Trim from its own cultivation operations. If the Company is able to supply its own Trim, management believes the company will be able to materially reduce its cost of cannabis oil production.

The Company operated three CO2 oil extraction machines. From April 1 through May 12 two CO2 machines were in operation and May 13 a third one became operational. During April there were 55 runs, in May 77 and in June there were 80 runs. The Company produced 55,924 grams of CO2 cannabis oil in the three months to June 30, 2015 during 25 days of operation on average per month. This was an improvement from 55,924 grams of CO2 oil in the first quarter of 2015. The yield achieved was 9.8%, a slight reduction from 10.1% in the first quarter of 2015. The yield varied between 8.5% and 10.8%.

The Company operated two hydro-carbon extraction machines. From April 1through April 4 there was one machine in operation. From April 4 there were two hydro-carbon machines in operation. The Company produced 34,958 grams of hydro-carbon cannabis oil in the three months to March 31, 2015 during 24 days of operation on average per month. The yield achieved was 8.7 %, a decline from 12.1% in the previous quarter. The yield varied between 8.2% and 9.1%. Cannabis oil output is dependent on the number of runs of the hydro-carbon extraction machine, which in turn is dependent on the number of ovens in use. In April there were 88 runs (2.9 runs per operational day), in May there were 119 runs (4.2 runs per day of operation) and in June there were 170 runs (5.7 runs per day). The maximum output is three runs per day per machine.

Currently cultivation takes place at two facilities. In total there are 582 plants of which 392 are in Aurora, the new cultivation facility. All plants in Aurora are in vegetative state. At the other site 96 plants are in vegetative state, 92 are in flowering state and 23 plants were harvested each month. Flower production was 33 pounds for the quarter ending June 30, 2015. The yield per plant was 0.48 pounds. The yield is expected to improve strongly when plants in Aurora harvest.

GPO generated revenues of US$1,571,876 and gross profits of US$587,957 in the second quarter of 2015. The gross margin was 37.4%. Revenues for the six months to June 30, 2015 were US$2,281,931 and gross profits were US$944,534. The gross margin was 41.4%. During the second quarter gross margins on hydro-carbon extraction products came under pressure reflecting a low yield on trim conversion.

Left Coast Connections, Inc. (LCC) includes the Company's retail and direct patient to patient activities. Revenues in the second quarter were US$1,828,556 and gross profits were US$639,404. The gross margin was 35.0%. Revenues for the six months to June 30, 2015 were US$2,601,920 and gross profits were US$917,041. The gross margin was 33.6%. During the second quarter gross margins came under pressure reflecting a discounted promotional offering which had a positive impact on dispensary visits and revenues.

Greenpoint Science Ltd. (GPS), the Israeli research & development subsidiary reported a net loss of US$(112,869). The subsidiary generates no revenues. GPS supports operations at GPO and engages in external collaborations for cultivation and breeding.

SUMMARY OF QUARTERLY RESULTS

Summary of quarterly results (US$)

	Quarter ending				
	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Revenue	-	284,159	1,025,996	1,483,420	3,400,432
Cost of goods sold	-	(217,083)	(853,381)	(849,205)	(2,173,071)
Gross margin	-	67,076	172,615	634,215	1,227,361
Sales & marketing	(15,212)	(202,174)	(187,471)	(223,347)	(333,810)
Research & development	-	-	(21,615)	(75,787)	(112,869)
General & administrative	(445,599)	(853,630)	(1,695,871)	(1,091,013)	(3,246,028)
Depreciation & amortization	-	(141,280)	133,204	(12,642)	(35,158)
Results from operations	(460,811)	(1,130,008)	(1,599,138)	(768,574)	(2,500,504)
Interest income (expense)	(4,101)	(7,917)	(3,253)	(7,509)	(20,840)
Other financial	(115,689)	107,385	43,681	(8,841,892)	205,113
Tax payable	-	(29,385)	(2,817)	(243,260)	(470,767)
Net income (loss)	(580,601)	(1,059,925)	(1,561,527)	(9,861,235)	(2,786,998)
Net income (loss) per share, basic & diluted	(0.03)	(0.05)	(0.07)	(0.19)	(0.05)
Weighted average number of outstanding common shares	23,209,606	23,209,606	23,209,606	52,489,288	52,881,276
Total assets	789,697	3,081,313	2,857,018	3,283,036	9,278,988
Non-current liabilities	-	-	582,728	9,422,810	9,311,700
Current liabilities	479,911	626,021	468,824	1,363,691	1,868,668
Net assets	309,786	2,455,292	1,805,466	(7,503,465)	(1,901,379)

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

Cash used in operations was US$(3,572,182) in the second quarter of 2015 and US$(4,382,739) in the six months to June 30, 2015 including working capital requirements of US$2,393,604. The Company raised US$7,592,137 of common share capital and debt in the six months to June 30, 2015. Fixed assets purchases including deposits for property, plant and equipment were US$1,122,176 in the six months to June 30, 2015 predominantly for extraction machines and ancillary equipment.

As at June 30th, 2015 the company had cash of US$2,687,300.

A pre-payment of US$155,000 was made in May to purchase two new CO2 extraction machines for delivery in July. The total purchase price is US$310,600. A pre-payment of US$144,000 was made in May to purchase five rota-vapors, vacuum pumps and chillers for delivery in July-August. The total purchase price is US$287,994. A pre-payment of US$480,900 was made to purchase six CO2 machines for delivery in August-September. The total purchase price is US$961,800.

The Company's authorized share capital is an unlimited number of common shares of which 57,279,666 shares were issued and outstanding as at June 30, 2015.

Share capital

	Number of Shares	Amount US$
Balance December 31, 2014	52,957,166	4,747,153
Shares issued – Private placements	221,000	204,531
Shares cancelled	(2,997,000)	(59,940)
Balance, March 31st, 2015	50,181,166	4,691,744
Shares issued - Private placements	7,098,500	6,922,261
Balance June 30st, 2015	57,279,666	11,814,005

(ii) In February 2015, the Company initiated a second round of private placements. 221,000 common shares were issued at US$ 1.00 during the month. The Company paid US$16,469 in issuance costs related to these shares.

(iii) The Company cancelled 2,997,000 shares related to an agreement with a company that was to provide services in exchange for shares. The company failed to deliver these services. The board resolution to cancel the shares was ratified March 15, 2015.

(iv) By the end of the six month period ending June 30, 2015, the Company completed a non-brokered private placement of an additional 7,098,500 shares at US$ 1.00 each.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company borrowed US$100,000 on April 17, 2015 and US$55,000 on April 20, 2015 from one of its employees to purchase extraction equipment. The loans were repaid on May 7, 2015.

RISK FACTORS

Description of Risk Factors

There are risks relating to the business carried on by the Issuer and/or GLH which prospective investors should carefully consider before deciding whether to purchase Issuer Shares. The Issuer and/or GLH will face a number of challenges in the development of its business. Due to the nature of the Issuer and/or the Issuer's business and present stage of the business, the Issuer may be subject to significant risks. Readers should carefully consider all such risks and readers are strongly encouraged to review in its entirety the section in this Listing Statement entitled *Risk Factors.*

SCHEDULE “D”

FORM 51-102F1

MANAGEMENT’S DISCUSSION & ANALYSIS – MARCH 31, 2013

LONGACRE RESOURCES INC.

June 25, 2013

The following management discussion and analysis (“MD&A”) is a review of the operations, current financial position and outlook for Longacre Resources Inc. (“the Company” or “Longacre”) and should be read in conjunction with the Company’s audited financial statements and the accompanying notes for the year ended March 31, 2013, which were prepared in accordance with International Financial Accounting Standards (“IFRS”) and are filed under the Company’s profile on the SEDAR website: www.sedar.com.

The reader should also refer to the Company’s audited financial statements and the accompanying notes for the year ended March 31, 2012, which were prepared in accordance with IFRS.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

The Company is a company incorporated under the laws of British Columbia on April 13, 2011. The Company is a reporting issuer in British Columbia and Alberta, however its shares are not listed and quoted for trading on any stock exchange.

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia (the "Project"), by staking the claims at a cost of $17,153. The Company has expended $103,347 on exploration and evaluation of the Project to date.

Pursuant to an Engagement Letter dated March 9, 2012, amended July 24, 2012, the Company engaged Wolverton Securities Ltd. to act as its agent to assist with the Company's initial public offering ("IPO") of its securities by way of prospectus and the Company's listing on the TSX Venture Exchange. The Company received regulatory approval for its IPO prospectus from the British Columbia and Alberta Securities Commissions on January 21, 2013. Pursuant to the prospectus, the Company was to raise $600,000 by the issuance of 4,000,000 common shares at $0.15 per common share. The IPO expired on April 21, 2013 without having been sold; and management determined that, given the then current market conditions, not to seek to extend the offering.

The Company intends to complete the IPO when market conditions improve.

Management's Responsibility for Financial Statements

The Company's management is responsible for the presentation and preparation of annual financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

Overall Performance and Results of Operations

During the year ended March 31, 2013, the Company incurred a net loss of $108,307 from operations compared to a net loss of $149,811 for the comparable period ended March 31, 2012. These expenses are itemized in the statements of comprehensive loss in the Company's Financial Statements for the year ended March 31, 2013. The decrease in operating expenses is mainly attributable to the redemption of founders shares which resulted in a recovery of stock based compensation.

Selected Annual Information

The following table sets out selected annual financial information for the last three financial years ended March 31, 2013 and 2012. The financial data has been prepared in accordance with IFRS and audited in accordance with Canadian Auditing Standards:

Years Ended	March 31, 2013	March 31, 2012
Total Revenue	$ NIL	$ NIL
Operating Loss - per share(1)	(108,307) (0.02)	(149,811) (0.04)
Loss and comprehensive loss - per share(1)	(108,307) (0.02)	(149,811) (0.04)

Years Ended	March 31, 2013	March 31, 2012
Total Assets	144,059	155,189
Total Long Term Financial Liabilities	NIL	NIL
Cash Dividends Declared - per common share	NIL	NIL

Note:

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

General and Administrative Expenses

General and administrative expenses for the year ended March 31, 2013 were $108,307 compared to $149,811 for year ended March 31, 2012. The major contributors to this decrease are:

- Financing costs were $66,423 in 2013 compared to $Nil in 2012, the increase due to the write off of deferred share issue costs resulting from the decision not to proceed with the Initial Public Offering.
- Stock based compensation is ($20,000) in 2012 compared to $80,000 in 2012, the decrease due to the redemption of 500,000 founders shares in 2013.

Summary of Quarterly Results

The following tables sets out selected unaudited quarterly financial information for the most recent eight quarters to March 31, 2013:

Three Months Ended	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total Revenue	-	-	-	-
Operating (Loss) Income - per share(1)	(90,398) (0.015)	2,875 (0.000)	(8,949) (0.001)	(11,835) (0.002)
Income (loss) and comprehensive income (loss) - per share(1)	(90,398) (0.015)	2,875 (0.000)	(8,949) (0.001)	(11,835) (0.000)

Three Months Ended	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total Revenue	-	-	-	-
Operating Loss - per share(1)	(25,018) (0.005)	(27,674) (0.006)	(15,027) (0.004)	(82,092) (0.041)
Loss and comprehensive loss	(25,018) (0.005)	(27,674) (0.006)	(15,027) (0.004)	(82,092) (0.041)

- per share[1]				

Note:

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

Fourth Quarter Results

General and Administrative Expenses

The Company sustained a net loss of $90,398 for the quarter ended March 31, 2013 compared to a loss of $25,018 for the quarter ended March 31, 2012. The difference is due primarily to the write off of $66,423 of financing costs, resulting from the termination of the Company's IPO.

The Company's assets decreased to $144,059 as at March 31, 2013 compared to $155,189 as at March 31, 2012, due to a decrease in cash resulting from general expenditures.

Liquidity and Capital Resources

The Company's cash position was $2,657 as at March 31, 2013, compared to $14,116 as at March 31, 2012. The Company had a working capital deficiency of $76,118 as at March 31, 2013 compared to a working capital of $24,689 as at March 31, 2012. The decrease in the Company's cash position and working capital was a direct result of its operating expenses, and costs associated with the terminated IPO.

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

During the year ended March 31, 2013 and 2012, the Company:

- paid management fees of $2,500 (2012 - $17,500) to a company controlled by a director and president of the Company
- paid or accrued legal fees for deferred share issue costs of $46,606 (2012 - $Nil) to a legal firm with a partner who is a director of the Company
- paid or accrued legal fees of $3,308 (2012 - $10,072) to a legal firm with a partner who is a director of the Company
- paid professional fees of $30,000 (2012 - $27,500) to a company controlled by an officer of the Company

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by related parties.

Legal Proceedings

None.

Proposed Transactions

The Company will seek to refile its IPO prospectus, raise the proceeds thereunder, and list on the TSXV once the market for junior mineral exploration companies improves. There is no assurance this will happen in the short term, or at all.

Subsequent Events

As noted above, subsequent to March 31, 2013 the Company terminated its IPO and application to list on the TSXV due to adverse market conditions.

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding:

As at the effective date of this MD&A, there were 6,070,000 common shares issued and outstanding.

Warrants:

As at the effective date of this MD&A, there were 4,570,000 share purchase warrants outstanding. Each of the warrants entitles the holder thereof to acquire one additional common share of the Company at $0.10 per share at any time until 24 months following the date the Company's shares are first listed for trading on a stock exchange in North America.

Stock options:

As at the effective date of this MD&A, the Company had no stock options outstanding.

Recent Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

(b) IFRS 10 – Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities—Non-monetary Contributions by Venturers.

(d) IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity's interests in other entities.

(e) IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

(f) IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements

(g) IAS 28 – Investments in Associates and Joint Ventures has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

(h) IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

(i) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after July 1, 2012.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

The Company classified its cash as held-for-trading; receivables as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The fair value of cash is measured on the statement of financial position using level one of the fair value hierarchy. The fair values of receivables, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Risk Management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

<u>Management of Capital</u>

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit and on deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended March 31, 2013.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the year ended March 31, 2013. Management and the Board have found that those disclosure controls and procedures to be adequate for the above purposes.

Internal Control over Financial Reporting

The Chief Executive Officer, the Chief Financial Officer and the Audit Committee of the Company are responsible for designing a system of internal controls over financial reporting, or designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. The Chief Executive Officer, the Chief Financial Officer and the Audit Committee have designed and implemented a system of internal controls over financial reporting which they believe is effective for the Company.

During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to the Company's inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and not-routine transactions due to a lack of technical resources, and a lack of controls governing the Company's computer systems and applications within the Company.

The Company will continue to use outside professionals to mitigate the risk of material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

Additional Information

Additional information relating to the Company is available on SEDAR, located on the internet at www.sedar.com.

Directors and Officers

The Company's directors and officers as at the effective date of this MD&A are:

Directors:	**Officers:**
Mark Holden	Mark Holden, President
Jeff Lightfoot	John Jardine, CFO and Corporate Secretary
Robert W. Falls	
W. D. Bruce Winfield	
Brian Lueck	

Board Approval

The contents of this management's discussion and analysis have been approved and its mailing has been authorized by the Board of Directors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jeff Lightfoot"

Jeff Lightfoot, Director

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31, 2014

LONGACRE RESOURCES INC.

June 30, 2014

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Longacre Resources Inc. ("the Company" or "Longacre") and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended March 31, 2014, which were prepared in accordance with International Financial Accounting Standards ("IFRS") and are filed under the Company's profile on the SEDAR website: www.sedar.com.

The reader should also refer to the Company's audited financial statements and the accompanying notes for the year ended March 31, 2013, which were prepared in accordance with IFRS.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

The Company is a company incorporated under the laws of British Columbia on April 13, 2011. The Company is a reporting issuer in British Columbia and Alberta, however its shares are not listed and quoted for trading on any stock exchange.

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia (the "Project"), by staking the

claims at a cost of $17,153. The Company has expended $90,210 on exploration and evaluation of the Project to date.

Pursuant to an Engagement Letter dated March 9, 2012, amended July 24, 2012, the Company engaged Wolverton Securities Ltd. to act as its agent to assist with the Company's initial public offering ("IPO") of its securities by way of prospectus and the Company's listing on the TSX Venture Exchange. The Company received regulatory approval for its IPO prospectus from the British Columbia and Alberta Securities Commissions on January 21, 2013. Pursuant to the prospectus, the Company was to raise $600,000 by the issuance of 4,000,000 common shares at $0.15 per common share. The IPO expired on April 21, 2013 without having been sold; and management determined that, given the then current market conditions, not to seek to extend the offering.

The Company intends to complete the IPO when market conditions improve.

Management's Responsibility for Financial Statements

The Company's management is responsible for the presentation and preparation of annual financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

Overall Performance and Results of Operations

During the year ended March 31, 2014, the Company incurred a net loss of $31,026 from operations compared to a net loss of $108,307 for the comparable period ended March 31, 2013. These expenses are itemized in the statements of comprehensive loss in the Company's Financial Statements for the year ended March 31, 2014. The decrease in operating expenses is mainly attributable to the reductions in professional fees and financing costs.

Selected Annual Information

The following table sets out selected annual financial information for the last three financial years ended March 31, 2014, 2013 and 2012. The financial data has been prepared in accordance with IFRS and audited in accordance with Canadian Auditing Standards:

Years Ended	**March 31, 2014**	**March 31, 2013**	**March 31, 2012**
Total Revenue	$ NIL	$ NIL	$ NIL
Operating Loss - per share(1)	(31,026) (0.01)	(108,307) (0.02)	(149,811) (0.04)
Loss and comprehensive loss - per share(1)	(31,026) (0.01)	(108,307) (0.02)	(149,811) (0.04)
Total Assets	108,559	144,059	155,189

Years Ended	March 31, 2014	March 31, 2013	March 31, 2012
Total Long Term Financial Liabilities	NIL	NIL	NIL
Cash Dividends Declared - per common share	NIL	NIL	NIL

Note:

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

General and Administrative Expenses

General and administrative expenses for the year ended March 31, 2014 were $31,026 compared to $108,307 for year ended March 31, 2013. The major contributors to this decrease are:

- Financing costs were $7,561 in 2014 compared to $66,423 in 2013, the decrease due to the write off of deferred share issue costs resulting from the decision not to proceed with the Initial Public Offering in 2013.
- Professional fees are $20,487 in 2014 compared to $50,138 in 2013, the decrease due reduced corporate activity.

Summary of Quarterly Results

The following tables sets out selected unaudited quarterly financial information for the most recent eight quarters to March 31, 2014:

	Three Months Ended			
	March 31, 2014	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**
Total Revenue	-	-	-	-
Operating Loss - per share(1)	(16,489) (0.003)	(3,587) (0.001)	(3,428) (0.000)	(7,522) (0.001)
Loss and comprehensive loss - per share(1)	(16,489) (0.003)	(3,587) (0.001)	(3,428) (0.000)	(7,522) (0.001)

	Three Months Ended			
	March 31, 2013	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
Total Revenue	-	-	-	-
Operating (Loss) Income - per share(1)	(90,398) (0.015)	2,875 (0.000)	(8,949) (0.001)	(11,835) (0.002)

Income (loss) and comprehensive income (loss) - per share[(1)]	(90,398) (0.015)	2,875 (0.000)	(8,949) (0.001)	(11,835) (0.000)

Note:

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

Fourth Quarter Results

General and Administrative Expenses

The Company sustained a net loss of $16,489 for the quarter ended March 31, 2014 compared to a loss of $90,398 for the quarter ended March 31, 2013. The difference is due primarily to the write off of $66,423 of financing costs in 2013, resulting from the termination of the Company's IPO.

The Company's assets decreased to $108,559 as at March 31, 2014 compared to $144,059 as at March 31, 2013.

Liquidity and Capital Resources

The Company's cash position was $546 as at March 31, 2014, compared to $2,657 as at March 31, 2013. The Company had a working capital deficiency of $94,007 as at March 31, 2014 compared to a working capital deficiency of $76,118 as at March 31, 2013. The decrease in the Company's cash position and working capital was a direct result of its operating expenses, and costs associated with the terminated IPO.

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

During the year ended March 31, 2014 and 2013, the Company:

- paid management fees of $Nil (2013 - $2,500) to a company controlled by a director and president of the Company
- paid or accrued legal fees for deferred share issue costs of $7,561 (2013 - $46,606) to a legal firm with a partner who is a director of the Company. As at March 31, 2014, $57,133 remains in accounts payable and accrued liabilities
- paid or accrued legal fees of $268 (2013 - $3,308) to a legal firm with a partner who is a director of the Company

- paid professional fees of $12,000 (2013 - $30,000) to a company controlled by an officer of the Company, at March 31, 2014 $20,100 remains in accounts payable and accrued liabilities.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by related parties.

Legal Proceedings

None.

Proposed Transactions

The Company will seek to refile its IPO prospectus, raise the proceeds thereunder, and list on the TSXV once the market for junior mineral exploration companies improves. There is no assurance this will happen in the short term, or at all.

Subsequent Events

None.

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding:

As at the effective date of this MD&A, there were 6,070,000 common shares issued and outstanding.

Warrants:

As at the effective date of this MD&A, there were 4,570,000 share purchase warrants outstanding. Each of the warrants entitles the holder thereof to acquire one additional common share of the Company at $0.10 per share at any time until 24 months following the date the Company's shares are first listed for trading on a stock exchange in North America.

Stock options:

As at the effective date of this MD&A, the Company had no stock options outstanding.

Recent Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2014 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

(b) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

The Company classified its cash as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The fair value of cash is measured on the statement of financial position using level one of the fair value hierarchy. The fair values of cash, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Risk Management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is maintained in a business account and are available on demand. The Company has only current trade payables.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Management of Capital

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit and on deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended March 31, 2014.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the year ended March 31, 2014. Management and the Board have found that those disclosure controls and procedures to be adequate for the above purposes.

Internal Control over Financial Reporting

The Chief Executive Officer, the Chief Financial Officer and the Audit Committee of the Company are responsible for designing a system of internal controls over financial reporting, or designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. The Chief Executive Officer, the Chief Financial Officer and the Audit Committee have designed and implemented a system of internal controls over financial reporting which they believe is effective for the Company.

During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to the Company's inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and not-routine transactions due to a lack of technical resources, and a lack of controls governing the Company's computer systems and applications within the Company.

The Company will continue to use outside professionals to mitigate the risk of material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

Additional Information

Additional information relating to the Company is available on SEDAR, located on the internet at www.sedar.com.

Directors and Officers

The Company's directors and officers as at the effective date of this MD&A are:

Directors:	**Officers:**
Mark Holden	Mark Holden, President
Jeff Lightfoot	John Jardine, CFO and Corporate Secretary
Robert W. Falls	
W. D. Bruce Winfield	
Brian Lueck	

Board Approval

The contents of this management's discussion and analysis have been approved and its mailing has been authorized by the Board of Directors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jeff Lightfoot"

Jeff Lightfoot, Director

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31, 2015

LONGACRE RESOURCES INC.

July 15, 2015

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Longacre Resources Inc. ("the Company" or "Longacre") and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended March 31, 2015, which were prepared in accordance with International Financial Accounting Standards ("IFRS") and are filed under the Company's profile on the SEDAR website: www.sedar.com.

The reader should also refer to the Company's audited financial statements and the accompanying notes for the year ended March 31, 2014, which were prepared in accordance with IFRS.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

The Company is a company incorporated under the laws of British Columbia on April 13, 2011. The Company is a reporting issuer in British Columbia and Alberta, however its shares are not listed and quoted for trading on any stock exchange.

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia (the "Project"), by staking the

claims at a cost of $17,153. The Company has expended $90,210 on exploration and evaluation of the Project to date.

Pursuant to an Engagement Letter dated March 9, 2012, amended July 24, 2012, the Company engaged Wolverton Securities Ltd. to act as its agent to assist with the Company's initial public offering ("IPO") of its securities by way of prospectus and the Company's listing on the TSX Venture Exchange. The Company received regulatory approval for its IPO prospectus from the British Columbia and Alberta Securities Commissions on January 21, 2013. Pursuant to the prospectus, the Company was to raise $600,000 by the issuance of 4,000,000 common shares at $0.15 per common share. The IPO expired on April 21, 2013 without having been sold; and management determined that, given the then current market conditions, not to seek to extend the offering.

The Company has abandoned its mineral exploration Project; and is in the process of finalizing a Reverse Take Over arrangement with Golden Leaf Holdings Inc.

The Company consolidated its share capital on a 2 old for 1 new basis on May 14, 2015. All references to share and per share amounts have been adjusted to reflect the share consolidation on a retrospective basis.

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. ("GLH"). The Company proposes to acquire all of the issued and outstanding shares of GLH pursuant to a three-cornered amalgamation, whereby (i) the Company will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with GLH, to form an amalgamated subsidiary of the Company, and (ii) the Company will issue common shares of the Company to the shareholders of GLH on a one-for-one basis. There are currently 775,000 common shares of the Company issued and outstanding. On closing, including completion of a private placement financing, there will be 54,136,166 GLH shares outstanding. As a result of the amalgamation, the Company expects to have approximately 54,911,166 issued and outstanding common shares on an undiluted basis. The Company will also assume any obligations GLH has for the future issuance of shares pursuant to warrants or stock options outstanding in the capital of GLH.

GLH is currently undertaking a private placement to raise up to C$8,000,000 through the issuance of its common shares at C$1.25 per share. Upon closing of the amalgamation, all shares of GLH issued in connection with the private placement will be exchanged for shares of the Company on the same one-for-one basis.

Management's Responsibility for Financial Statements

The Company's management is responsible for the presentation and preparation of annual financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

Overall Performance and Results of Operations

During the year ended March 31, 2015, the Company incurred a net loss of $47,529 from operations compared to a net loss of $31,026 for the comparable period ended March 31, 2014. These expenses are itemized in the statements of comprehensive loss in the Company's Financial Statements for the year ended March 31, 2015. The increase in operating expenses is mainly attributable to increased professional fees incurred in reviewing potential business transactions.

Selected Annual Information

The following table sets out selected annual financial information for the last three financial years ended March 31, 2015, 2014 and 2013. The financial data has been prepared in accordance with IFRS and audited in accordance with Canadian Auditing Standards:

Years Ended	March 31, 2015	March 31, 2014	March 31, 2013
Total Revenue	$ NIL	$ NIL	$ NIL
Operating Loss - per share[(1)]	(45,291) (0.01)	(31,026) (0.01)	(108,307) (0.02)
Loss and comprehensive loss - per share[(1)]	(47,529) (0.02)	(31,026) (0.01)	(108,307) (0.02)
Total Assets	1,301	108,559	144,059
Total Long Term Financial Liabilities	NIL	NIL	NIL
Cash Dividends Declared - per common share	NIL	NIL	NIL

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

General and Administrative Expenses

General and administrative expenses for the year ended March 31, 2015 were $45,291 compared to $31,026 for year ended March 31, 2014. The major contributors to this increase were additional professional fees (lawyers and accountants) incurred with respect to investigating alternative business transactions.

Summary of Quarterly Results

The following tables sets out selected unaudited quarterly financial information for the most recent eight quarters to March 31, 2015:

Three Months Ended	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total Revenue	-	-	-	-
Operating (Loss) Income - per share[(1)]	(34,782) (0.00)	(3,024) (0.00)	(4,449) (0.00)	(3,036) (0.00)
Loss and comprehensive loss - per share[(1)]	(37,020) (0.00)	(3,024) (0.00)	(4,449) (0.00)	(3,036) (0.00)

Three Months Ended	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Total Revenue	-	-	-	-
Operating Loss - per share[(1)]	(16,489) (0.00)	(3,587) (0.00)	(3,428) (0.00)	(7,522) (0.00)
Loss and comprehensive loss - per share[(1)]	(16,489) (0.00)	(3,587) (0.00)	(3,428) (0.00)	(7,522) (0.00)

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

Fourth Quarter Results

General and Administrative Expenses

The Company sustained a net loss of $37,020 for the quarter ended March 31, 2015 compared to a loss of $16,489 for the quarter ended March 31, 2014. The difference is due primarily to professional fees incurred in the fourth quarter 2015, and the combination of gain on debt forgiveness and the write off of the Project.

The Company's assets decreased to $1,301 as at March 31, 2015 compared to $108,559 as at March 31, 2014. This is due primarily to the write-off of the Project.

Liquidity and Capital Resources

The Company's cash position was $1,301 as at March 31, 2015, compared to $546 as at March 31, 2014. The Company had a working capital deficiency of $34,173 as at March 31, 2015 compared to a working capital deficiency of $94,007 as at March 31, 2014. The increase in the Company's working capital was a result of the debt forgiven during the current year.

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

During the year ended March 31, 2015 and 2014, the Company:

- paid or accrued legal fees of $Nil (2014 - $7,561) to a legal firm with whom Jeff Lightfoot (a director of the Company) is a partner.
- paid or accrued legal fees of $18,874 (2014 - $268) to a legal firm with whom Jeff Lightfoot (a director of the Company) is a partner; of which at March 31, 2015 $18,874 remains in accounts payable and accrued liabilities.
- paid professional fees of $14,000 (2014 - $12,000) to a company controlled by John Jardine (an officer of the Company); of which at March 31, 2015 $5,000 remains in accounts payable and accrued liabilities.
- certain Directors and officers forgave amounts due to them of aggregating $92,347.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by related parties.

Legal Proceedings

None.

Proposed Transactions

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. See “Overview” above for a summary of that proposed transaction.

Subsequent Events

On May 14, 2015, the Company consolidated its shares on a 1 new for 2 old share basis, which resulted in there being 700,000 shares issued and outstanding immediately after the share consolidation.

On May 22, 2015 the Company issued 75,000 shares in a debt settlement arrangement.

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

During fiscal 2015 the Company cancelled 2,335,000 common shares, and all outstanding warrants for no consideration.

Shares Issued and Outstanding:

As at the effective date of this MD&A, there were 775,000 common shares issued and outstanding.

Warrants:

As at the effective date of this MD&A, there were no share purchase warrants outstanding.

Stock options:

As at the effective date of this MD&A, the Company had no stock options outstanding.

Recent Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2014 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s financial instruments consist of cash and accounts payable and accrued liabilities.

The Company classified its cash as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The fair value of cash is measured on the statement of financial position using level one of the fair value hierarchy. The fair values of cash, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Risk Management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is maintained in a business account and are available on demand. The Company has only current trade payables.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Management of Capital

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit and on deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended March 31, 2015.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the year ended March 31, 2015. Management and the Board have found that those disclosure controls and procedures to be adequate for the above purposes.

Internal Control over Financial Reporting

The Chief Executive Officer, the Chief Financial Officer and the Audit Committee of the Company are responsible for designing a system of internal controls over financial reporting, or designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. The Chief Executive Officer, the Chief Financial Officer and the Audit Committee have designed and implemented a system of internal controls over financial reporting which they believe is effective for the Company.

During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to the Company's inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and not-routine transactions due to a lack of technical resources, and a lack of controls governing the Company's computer systems and applications within the Company.

The Company will continue to use outside professionals to mitigate the risk of material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

Additional Information

Additional information relating to the Company is available on SEDAR, located on the internet at www.sedar.com.

Directors and Officers

The Company's directors and officers as at the effective date of this MD&A are:

Directors:	**Officers:**
Mark Holden	Mark Holden, President
Jeff Lightfoot	John Jardine, CFO and Corporate Secretary
W. D. Bruce Winfield	

Board Approval

The contents of this management's discussion and analysis have been approved and its mailing has been authorized by the Board of Directors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jeff Lightfoot"

Jeff Lightfoot, Director

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS – JUNE 30, 2015

LONGACRE RESOURCES INC.

August 31, 2015

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Longacre Resources Inc. ("the Company" or "Longacre") and should be read in conjunction with the Company's unaudited condensed interim financial statements and notes for the three months ended June 30, 2015, which were prepared in accordance with International Financial Accounting Standards ("IFRS") and are filed under the Company's profile on the SEDAR website: www.sedar.com.

The reader should also refer to the Company's audited financial statements and the accompanying notes for the year ended March 31, 2015, which were prepared in accordance with IFRS.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

The Company is a company incorporated under the laws of British Columbia on April 13, 2011. The Company is a reporting issuer in British Columbia and Alberta, however its shares are not listed and quoted for trading on any stock exchange.

On July 1, 2011, the Company acquired a 100% interest in certain mining claims comprising the Christa-Aura Property situated in south western British Columbia (the "Project"), by staking the

claims at a cost of $17,153. The Company has expended $90,210 on exploration and evaluation of the Project to date.

Pursuant to an Engagement Letter dated March 9, 2012, amended July 24, 2012, the Company engaged Wolverton Securities Ltd. to act as its agent to assist with the Company's initial public offering ("IPO") of its securities by way of prospectus and the Company's listing on the TSX Venture Exchange. The Company received regulatory approval for its IPO prospectus from the British Columbia and Alberta Securities Commissions on January 21, 2013. Pursuant to the prospectus, the Company was to raise $600,000 by the issuance of 4,000,000 common shares at $0.15 per common share. The IPO expired on April 21, 2013 without having been sold; and management determined that, given the then current market conditions, not to seek to extend the offering.

The Company has abandoned its mineral exploration Project; and is in the process of finalizing a Reverse Take Over arrangement with Golden Leaf Holdings Inc.

The Company consolidated its share capital on a 2 old for 1 new basis on May 14, 2015. All references to share and per share amounts have been adjusted to reflect the share consolidation on a retrospective basis.

On May 22, 2015 the Company issued 75,000 shares in a $3,750 debt settlement arrangement.

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. ("GLH"). The Company proposes to acquire all of the issued and outstanding shares of GLH pursuant to a three-cornered amalgamation, whereby (i) the Company will incorporate a new Ontario subsidiary ("Subco") which will amalgamate with GLH, to form an amalgamated subsidiary of the Company, and (ii) the Company will issue common shares of the Company to the shareholders of GLH on a one-for-one basis. There are currently 775,000 common shares of the Company issued and outstanding. On closing, including completion of a private placement financing, there will be 54,136,166 GLH shares outstanding. As a result of the amalgamation, the Company expects to have approximately 54,911,166 issued and outstanding common shares on an undiluted basis. The Company will also assume any obligations GLH has for the future issuance of shares pursuant to warrants of stock options outstanding in the capital of GLH.

GLH is currently undertaking a private placement to raise up to C$8,000,000 through the issuance of its common shares at C$1.25 per share. Upon closing of the amalgamation, all shares of GLH issued in connection with the private placement will be exchanged for shares of the Company on the same one-for-one basis.

Management's Responsibility for Financial Statements

The Company's management is responsible for the presentation and preparation of annual financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

Overall Performance and Results of Operations

During the three months ended June 30, 2015, the Company incurred a net loss of $17,863 from operations compared to a net loss of $3,036 for the comparable period ended June 30, 2014. These expenses are itemized in the statements of comprehensive loss in the Company's Financial Statements for the three months ended June 30, 2015. The increase in operating expenses is mainly attributable to increased professional fees incurred in reviewing potential business transactions.

Selected Annual Information

The following table sets out selected annual financial information for the last three financial years ended March 31, 2015, 2014 and 2013. The financial data has been prepared in accordance with IFRS and audited in accordance with Canadian Auditing Standards:

Years Ended	March 31, 2015	March 31, 2014	March 31, 2013
Total Revenue	$ NIL	$ NIL	$ NIL
Operating Loss - per share(1)	(45,291) (0.01)	(31,026) (0.01)	(108,307) (0.02)
Loss and comprehensive loss - per share(1)	(47,529) (0.02)	(31,026) (0.01)	(108,307) (0.02)
Total Assets	1,301	108,559	144,059
Total Long Term Financial Liabilities	NIL	NIL	NIL
Cash Dividends Declared - per common share	NIL	NIL	NIL

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2015 were $17,863 compared to $3,036 for the three months ended June 30, 2014. The major contributors to this increase were additional professional fees (lawyers and accountants) incurred with respect to investigating alternative business transactions.

Summary of Quarterly Results

The following tables sets out selected unaudited quarterly financial information for the most recent eight quarters to June 30, 2015:

Three Months Ended	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Total Revenue	-	-	-	-
Operating (Loss) Income - per share[(1)]	(17,863) (0.02)	(34,782) (0.00)	(3,024) (0.00)	(4,449) (0.00)
Loss and comprehensive loss - per share[(1)]	(17,863) (0.02)	(37,020) (0.00)	(3,024) (0.00)	(4,449) (0.00)

Three Months Ended	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total Revenue	-	-	-	-
Operating Loss - per share[(1)]	(3,036) (0.00)	(16,489) (0.00)	(3,587) (0.00)	(3,428) (0.00)
Loss and comprehensive loss - per share[(1)]	(3,036) (0.00)	(16,489) (0.00)	(3,587) (0.00)	(3,428) (0.00)

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

The Company's assets decreased to $1,277 as at June 30, 2015 compared to $108,673 as at June 30, 2014. This is due primarily to the write-off of the Project.

Liquidity and Capital Resources

The Company's cash position was $1,277 as at June 30, 2015, compared to $1,301 as at March 31, 2015. The Company had a working capital deficiency of $48,286 as at June 30, 2015 compared to a working capital deficiency of $34,173 as at March 31, 2015. The decrease in the Company's working capital was a result of the legal fees incurred during the period.

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

During the three months ended June 30, 2015 and 2014, the Company:

- paid or accrued legal fees of $10,888 (2014 - $684) to a legal firm with whom Jeff

Lightfoot (a director of the Company) is a partner; of which at June 30, 2015 $29,810 remains in accounts payable and accrued liabilities.

- paid professional fees of $3,000 (2014 - $3,000) to a company controlled by John Jardine (an officer of the Company); of which at June 30, 2015 $8,400 remains in accounts payable and accrued liabilities.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by related parties.

Legal Proceedings

None.

Proposed Transactions

The Company is in the final stages of a business reorganization with Golden Leaf Holdings Inc. See "Overview" above for a summary of that proposed transaction.

Subsequent Events

See Company overview.

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

During fiscal 2015 the Company cancelled 2,335,000 common shares, and all outstanding warrants for no consideration.

Shares Issued and Outstanding:

As at the effective date of this MD&A, there were 775,000 common shares issued and outstanding.

Warrants:

As at the effective date of this MD&A, there were no share purchase warrants outstanding.

Stock options:

As at the effective date of this MD&A, the Company had no stock options outstanding.

Recent Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2014 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

The Company classified its cash as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The fair value of cash is measured on the statement of financial position using level one of the fair value hierarchy. The fair values of cash, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Risk Management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is maintained in a business account and are available on demand. The Company has only current trade payables.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on cash approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

d) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and the recoverability of the carrying value of the exploration and evaluation assets included in the statements of financial position; and
ii. the composition of the deferred income tax asset and recognition of deferred income tax asset.

Management of Capital

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The

Company's investment policy is to keep its cash treasury invested in certificates of deposit and on deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the three months ended June 30, 2015.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the period ended June 30, 2015. Management and the Board have found that those disclosure controls and procedures to be adequate for the above purposes.

Internal Control over Financial Reporting

The Chief Executive Officer, the Chief Financial Officer and the Audit Committee of the Company are responsible for designing a system of internal controls over financial reporting, or designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. The Chief Executive Officer, the Chief Financial Officer and the Audit Committee have designed and implemented a system of internal controls over financial reporting which they believe is effective for the Company.

During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to the Company's inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and not-routine transactions due to a lack of technical resources, and a lack of controls governing the Company's computer systems and applications within the Company.

The Company will continue to use outside professionals to mitigate the risk of material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

Additional Information

Additional information relating to the Company is available on SEDAR, located on the internet at www.sedar.com.

Directors and Officers

The Company's directors and officers as at the effective date of this MD&A are:

Directors:	Officers:
Mark Holden	Mark Holden, President
Jeff Lightfoot	John Jardine, CFO and Corporate Secretary
W. D. Bruce Winfield	

Board Approval

The contents of this management's discussion and analysis have been approved and its mailing has been authorized by the Board of Directors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jeff Lightfoot"

Jeff Lightfoot, Director

SCHEDULE "E"
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AS AT JUNE 30, 2015

PRO FORMA BALANCE SHEET
JUNE 30 2015

	Longacre CAD	Longacre USD	GLH	Pro forma Adjustments			Pro Forma
ASSETS							
Cash	1,277	967	2,687,300			(200,000)	2,488,267
AR			1,821,360				1,821,360
Sales tax			67,289				67,289
Pre-paids			1,463,954				1,463,954
Biological assets			399,908				399,908
inventory			1,022,314				1,022,314
	1,277	967	7,462,125	-	-	(200,000)	7,263,092
Intangibles			35,000				35,000
PP&E			1,781,863				1,781,863
	1,277	967	9,278,988	-	-	(200,000)	9,079,955
LIABILITIES							
AP	49,563	37,548	876,311				913,859
Income taxes			362,646				362,646
Long term debt			629,711				629,711
	49,563	37,548	1,868,668	-	-	-	1,906,216
Long term debt			139,730				139,730
Warrant liability			9,171,969				9,171,969
	49,563	37,548	11,180,367	-	-	-	11,217,915
SHAREHOLDERS' EQUITY							
Share capital	306,250	232,008	11,814,005	(232,008)	775,000		12,589,005
Warrants and options reserve	-		2,134,901				2,134,901
Deficit	(354,536)	(268,589)	(15,850,285)	232,008	(775,000)	(200,000)	(16,861,866)
	(48,286)	(36,581)	(1,901,379)	-	-	(200,000)	(2,137,960)
	1,277	**967**	**9,278,988**	**-**	**-**	**(200,000)**	**9,079,955**

PRO FORMA INCOME STATEMENT
JUNE 30, 2015

	Longacre CAD	Longacre USD	GLH	Adjustments	Pro Forma
Sales			4,883,852		4,883,852
COGS			3,022,276		3,022,276
Gross Profit			1,861,576		1,861,576
Expenses					
Sales & marketing			557,157		557,157
General admin	17,683	14,128	2,597,890		2,612,018
Professional fees related to warrants			1,739,150		1,739,150
R&D			188,657		188,657
Decpreciation			47,800		47,800
Total expenses	17,683	14,128	5,130,654		5,144,782
Result from operations	(17,683)	(14,128)	(3,269,078)		(3,283,206)
Accretion and interest			28,349		28,349
Other losses			8,636,779		8,636,779
Listing expenses				811,581	811,581
Tax			714,026		714,026
Net income/(loss)	**(17,683)**	**(14,128)**	**(12,648,232)**	**(811,581)**	**(13,473,941)**

Pro Forma Assumptions and Adjustments

By agreement dated August 28, 2015, Longacre sold all of its right, title and interest in and to those three adjoining mineral tenures comprising 314.64 ha. located approximately 40 kilometers northeast of Hope, in south western British Columbia, referred to as the Christa – Aura Property, for nominal consideration. Following that disposition, Longacre had no material assets prior to entering into a merger agreement with GLH.

On February 1, 2015, Longacre cancelled all of its 4,670,000 escrow shares and on May 14, 2015 it completed a consolidation of its remaining shares on a 1 for 2 basis. After the completion of the Consolidation, Longacre had 700,000 Issuer Shares issued and outstanding.

In February 2015, Longacre entered into debt cancellation agreements with its creditors pursuant to which debt of $101,250 was forgiven. On May 22, 2015, after completion of the Consolidation, a creditor of Longacre converted $3,750 of debt owing by Longacre into 75,000 Issuer Shares. After the completion of the Consolidation and the Debt Conversion, Longacre had 775,000 common shares issued and outstanding.

Prior to the completion of the merger with GLH, Longacre had common share purchase warrants outstanding which were exercisable to acquire 4,570,000 shares of Longacre. On February 1, 2015, Longacre entered into warrant cancellation agreements with each holder of Longacre Warrants pursuant to which all outstanding Longacre Warrants were cancelled. After the cancellation of the Longacre Warrants, Longacre had no securities outstanding that were exercisable, convertible or exchangeable into common shares.

On May 22, 2015, Longacre, GLH and Subco entered into a merger agreement pursuant to which and subject to the satisfaction of certain conditions GLH agreed to amalgamate with Subco to form Amalco, a wholly owned subsidiary of Longacre. On October 6, 2015, GLH, Subco and Longacre entered into an amalgamation agreement and completed the Amalgamation. Pursuant to the Amalgamation and the terms of the Merger Agreement and Amalgamation Agreement (a) the common shares of GLH were cancelled and each GLH shareholder received one (1) common share of the Issuer for each GLH Share, and (b) Amalco, being the entity resulting from the Amalgamation, issued one (1) common share in the capital of Amalco to the Issuer for each Issuer Share issued to the former GLH shareholders. Immediately following the Amalgamation, the former GLH shareholders held 60,448,736 Issuer Shares, Amalco became a wholly owned subsidiary of the Issuer, and the Issuer continued under the OBCA under the name "Golden Leaf Holdings Ltd.". The number of Issuer Shares issued to the GLH shareholders in connection with the Amalgamation was determined pursuant to arm's length negotiations between the management of each of Longacre and GLH.

Capital Stock at date of listing statement

Shares in issue	61,223,736
Options	5,595,000
Warrants and other dilutive instruments	36,956,895
Fully diluted shares	**103,775,631**

GLH currently has common share purchase warrants outstanding exercisable into 32,989,115 GLH Shares. In accordance with the terms of the GLH Warrants, and as reflected in the Merger Agreement after the completion of the Transaction all GLH Warrants are exercisable into Issuer Shares on identical terms *mutatis mutandis*. GLH also has 5,595,000 common shares issuable upon the exercise of options under its stock option plan. Upon completion of the Transaction, each GLH Option became exercisable into one share of the Issuer. Additionally, GLH also has US$2.190 million in principal amount of convertible debentures that are convertible into 2.190 million GLH Shares. In accordance with the terms of these Debentures, upon the completion of the Transaction they shall be convertible into Issuer Shares on substantially the same terms, *mutatis mutandis*.

The issue price of each Issuer Share issued to the former GLH shareholders was US$1.00. The Issuer Shares held by the officers, directors and insiders of GLH are subject to escrow restrictions pursuant to the policies of the CSE.

On October 1, 2015, Longacre filed an application for continuance with the B.C. Registrar of Companies which was duly endorsed and authorized. On October 6, 2015, Longacre filed Articles of Continuance in Ontario and continued as a corporation governed under the laws of the Province of Ontario under the name Golden Leaf Holdings Ltd.

The pro-forma financial statements are derived from the financial statements of Golden Leaf and Longacre as at and for the period ending June 30, 2015. Pro-forma adjustments have been recorded to:

1. Remove historical equity of Longacre;
2. Record, as a listing expense, the value of shares issued to Longacre shareholders of $775,000 together with the net liabilities of Longacre assumed by Golden Leaf of $36,581; and
3. Record estimated costs associated with the Longacre transaction and listing of $200,000.

CERTIFICATE OF GOLDEN LEAF HOLDINGS LTD.

Pursuant to a resolution duly passed by its Board of Directors, the Issuer hereby applies for the listing of the above mentioned securities on CSE. The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, the 8th of October, 2015

(signed) *"Don Robinson"*
Don Robinson
Chief Executive Officer

(signed) *"Brian Gentry"*
Brian Gentry
Chief Financial Officer

(signed) *"Sam Pillersdorf"*
Sam Pillersdorf
Director

(signed) "*Elijah Cohl"*
Elijah Cohl
Director