



# **New Age Farms Inc.**

## **Listing Statement**

**August 1, 2014**



***“What may we grow for you?”***

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## **Forward Looking Information**

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*This Listing Statement may contain projections and forward-looking information that constitute "forward-looking information" and "financial outlook" within the meaning of applicable Canadian securities legislation or constitute "forward-looking statements" within the meaning of applicable U.S. securities legislation (collectively, the "forward-looking statements"). These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results and New Age's plans and objectives to differ materially from those expressed in the forward-looking information.*

*All statements in this Listing Statement other than those relating to historical information or current conditions, are forward-looking statements, including, but not limited to, statements as to management's expectations with respect to: business and financial prospects including with respect to future operations of New Age; the ability to raise the capital required for our operations on commercially reasonable terms; the construction of the facilities required to develop our business; anticipated demand for a small-scale processing plant; the ability to meet revenue projections; the availability of qualified staff for the processing facility and greenhouse; general economic, market and business conditions, weather conditions; crop prices; the supply and demand and price levels for our major products and services; government and regulatory requirements, including changes in government policy; and other risk factors detailed from time to time in New Age's reports filed with securities regulators. Although New Age believes that these assumptions are reasonable, this list is not exhaustive of the factors that may affect any of the forward-looking statements and the reader should not place any undue reliance on these assumptions and such forward-looking statements.*

*New Age disclaims any intention or obligation to update or revise any forward-looking statements in this press release as a result of new information or future events, except as may be required under applicable securities legislation.*



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## Glossary of Terms

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The following is a glossary of general terms and abbreviations used in this Listing Statement:

“**Act**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Amalco**” means the newly formed company resulting from the Amalgamation;

“**Amalgamation**” means the proposed “three-cornered” amalgamation among New Age, BC0998955 and NHS;

“**Arrangement**” means the arrangement under the Arrangement Provisions set out in detail in the Plan of Arrangement;

“**Arrangement Agreement**” means the arrangement agreement dated effective October 7, 2013 among Five Nines, CanPaC, BC0981609, the Issuer, and BC0981628, a copy of which is available on SEDAR under the Issuer’s profile at [www.sedar.com](http://www.sedar.com), and any amendment(s) or variation(s) thereto;

“**Arrangement Provisions**” means Part 9, Division 5 of the Act;

“**BCSC**” means the British Columbia Securities Commission;

“**BC0981609**” means 0981609 B.C. Ltd., a private company incorporated under the Act and a participant in the Arrangement;

“**BC0981628**” means 0981628 B.C. Ltd., a private company incorporated under the Act and a participant in the Arrangement;

“**BC998955**” means 0998955 BC Ltd., a private company incorporated under the Act and a wholly owned subsidiary of New Age;

“**Beneficial Shareholder**” means a New Age Shareholder who is not a Registered Shareholder;

“**Board**” means the board of directors of the Issuer;

“**CanPac**” means CanPac Investments Corp., a private company incorporated under the Act and a participant in the Arrangement;

“**CEO**” means an individual who acted as chief

executive officer of the Issuer, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the Issuer, or acted in a similar capacity, for any part of the most recently completed financial year;

“**closing market price**” means the price at which the Issuer’s securities were last sold, on the applicable date,

- (a) on the principal marketplace in Canada, or
- (b) if the securities are not listed or quoted on a marketplace in Canada, on the security’s principal marketplace;

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange;

“**Effective Date**” means the date upon which the Arrangement becomes effective under the Act;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

“**Financing**” means the proposed private placement whereby New Age intends to raise \$125,400 through the sale of its common shares at a price of \$0.03 per share;

“**Five Nines**” means Five Nines Ventures Inc.;

“**grant date**” means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

“**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;



“**Issuer**”, “**New Age**”, “**we**”, “**us**”, “**our**” means New Age Farm Inc., formerly known as 0981624 B.C. Ltd.;

“**Letter of Intent**” means the letter of intent between NHS and Five Nines which was acquired by New Age as part of the Arrangement;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Issuer, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“**Name Change**” means the name change from 0981624 B.C. Ltd. to New Age Farm Inc. effected as part of the process of listing the Issuer on the CSE;

“**New Age Shareholder**” means a holder of New Age Shares;

“**New Age Shares**” means the common shares without par value in the authorized share structure of New Age;

“**NHS**” means NHS Industries Ltd.,

“**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, stock options, share appreciation rights, and similar instruments that have option-like features;

“**Plan of Arrangement**” means the plan of arrangement attached as Schedule “A” to the Arrangement Agreement, which Arrangement Agreement is available on SEDAR under the Issuer’s profile at [www.sedar.com](http://www.sedar.com), and any amendment(s) or variation(s) thereto;

“**Registered Shareholder**” means a registered holder of New Age Shares as recorded in the shareholder register of the Issuer;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

“**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock options;

“**Share Distribution Record Date**” means the close of business on the day that will be used to establish the Five Nines shareholders who will be entitled to receive New Age Shares, under the Plan of Arrangement which date has been set as at December 31, 2013; and

“**Stock Option Plan**” means the proposed common share purchase option plan of New Age.



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## Item 2 Corporate Structure

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### 2.1 Full Corporate Name

The full corporate name of the Issuer is New Age Farm Inc., formerly known as 0981624 B.C. Ltd.

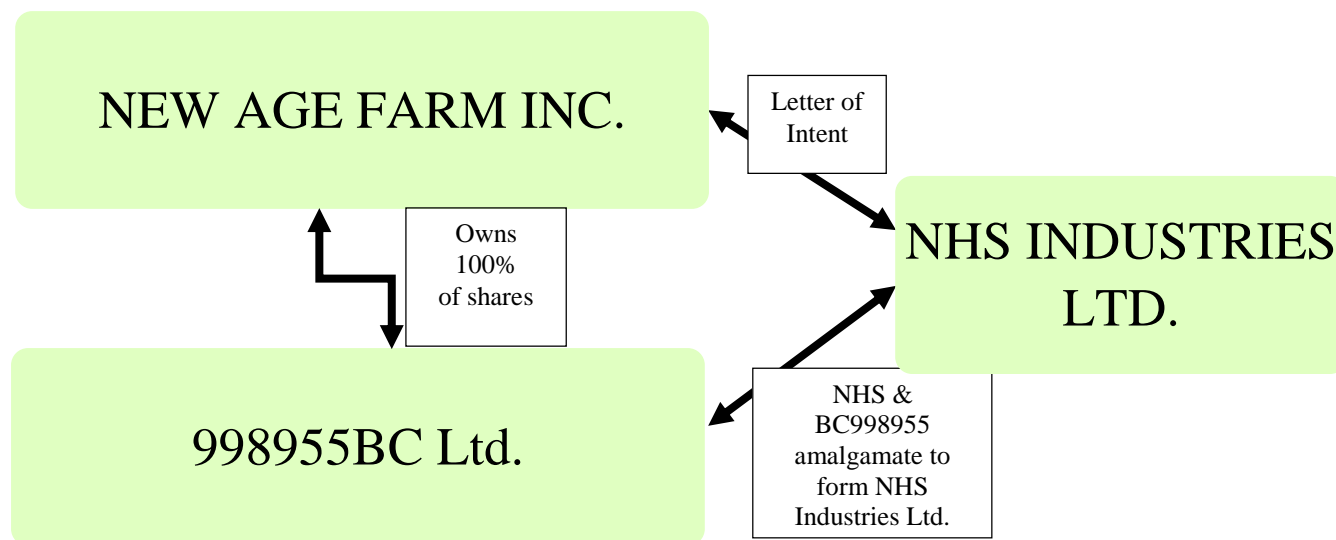
### 2.2 Jurisdiction of Incorporation

New Age Farm Inc. was incorporated under the Act as “0981624 B.C. Ltd.” on September 27, 2013 as a fully-owned subsidiary of Five Nines Ventures Inc., an issuer listed on the Canadian Securities Exchange. Under the terms of a Plan of Arrangement, as more fully described under the heading “Corporate Reorganization”, New Age was spun out as a separate company with separate business interests from its former parent company. A copy of the arrangement agreement is attached to this Listing Statement as Appendix A. The Issuer changed its name to New Age Farm Inc. on April 10, 2014.

### 2.3 Corporate Relationships

The following diagram shows the corporate relationships among New Age, its wholly owned subsidiary 0998955 B.C. Ltd., and NHS Industries Ltd. prior to completion of the Amalgamation.

**Figure 1 Relationship among parties prior to completion of the Amalgamation**







NHS Industries Ltd. was incorporated under the Act under the name “0627073 B.C. Ltd.” on May 4, 2001 and changed its name to “NHS Industries Ltd.” on September 17, 2010.

- ***Letter of Intent***

Pursuant to the Arrangement, a Letter of Intent between Five Nines Ventures Inc. and NHS Industries Ltd., dated for reference September 12, 2013, was transferred to New Age. To effect the three-cornered Amalgamation contemplated in the Letter of Intent, New Age incorporated a wholly owned subsidiary, 0998955 BC Ltd., and entered into a definitive amalgamation agreement with 0998955 B.C. Ltd. and NHS Industries Ltd., the terms and conditions of which are described below under the heading “Amalgamation”. Copies of the Letter of Intent and the amalgamation agreement are attached to this Listing Statement as Appendices B and C, respectively.

## **2.4 Corporate Reorganization**

The Issuer recently completed the Arrangement with Five Nines and a three-cornered Amalgamation involving its wholly owned subsidiary, 0998955 B.C Ltd., and NHS Industries Ltd. A description of these corporate actions is set out below.

- ***Arrangement***

New Age was incorporated on September 27, 2013 under the name “0981624 B.C. Ltd.” as a wholly owned subsidiary of Five Nines Ventures Inc. New Age entered into an Arrangement Agreement with Five Nines on October 7, 2013, which Arrangement was approved at an annual and special meeting of shareholders held on December 10, 2013, and which received final court approval on December 16, 2013. As noted under Section 2.2, the Issuer subsequently changed its name to New Age Farm Inc. Following completion of the Arrangement, New Age became a reporting issuer in the provinces of British Columbia and Alberta.

Under the terms of the Arrangement, New Age acquired the Letter of Intent between Five Nines and NHS Industries Ltd., plus \$5,000 cash, for aggregate consideration of 24,336,668 New Age Shares, multiplied by a conversion factor. The New Age Shares were distributed to the Five Nines shareholders of record as of December 31, 2013 (the “Share Distribution Record Date”) on the basis of one (1) New Age Share for every ten (10) common shares of Five Nines, resulting in the distribution of 2,433,667 New Age Shares to the shareholders of Five Nines as of the Share Distribution Record Date.

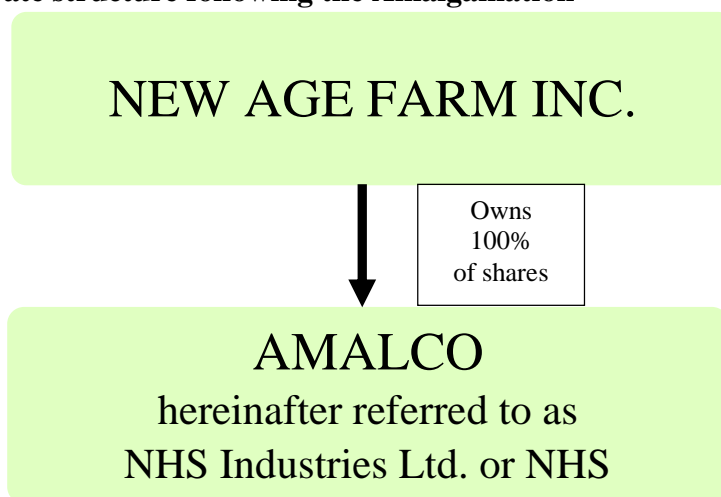


- **Amalgamation of New Age and NHS**

Concurrent with a listing on the CSE, New Age completed the Amalgamation with NHS and BC0998955, whereby BC0998955 amalgamated with NHS to form a combined entity to continue the business of NHS (“Amalco”). As part of the Amalgamation, New Age issued an aggregate of 34,414,424 New Age Shares to the shareholders of NHS on the basis of one New Age Share for every one share of NHS held.

After the Amalgamation, the corporate structure of New Age will be as follows:

**Figure 2 Corporate structure following the Amalgamation**



## 2.5 Non-issuers and Foreign Corporations

This section does not apply to the Issuer.

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## **Item 3**      *General Description of the Business*

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### 3.1 General Development of Business

After the Amalgamation, Amalco will carry on the business of NHS as a wholly-owned subsidiary and operating arm of the Issuer. NHS has been in operation since 2001. Since that time, NHS operated numerous real estate-based ventures that were brought to completion and/or sold to other parties. Over the past three years, management of NHS has identified multiple opportunities and challenges and in the process has identified credible prospects for realizing millions of dollars of potential cash flow from its current operations.



Through its subsidiary, the Issuer currently owns a 5.5 acre site (the “Site”) in Langley, British Columbia that is fully Agricultural Land Reserve-approved for an agribusiness, as further set out in this Listing Statement and in the Issuer’s business plan. The Site is home to greenhouses that provide 48,000 square feet of growing area under glass that provide year round growing capability and also houses over 80,000 cubic yards of peat soil for planting. The current facilities use approximately 1.5 acres of the Site.

**Table 1 Current Facility Summary**

<b>Current Facility Summary</b>	
Location	Langley, BC
Area	5.5 acres
Greenhouses	48,000 square feet
Soil inventory	80,000 cubic yards peat soil
Land available for expansion	4 acres

**Table 2 Existing Equipment**

<b>Existing Equipment</b>
180 table top growing area
600 amp 3 phase electrical power x 2
8,000 square feet of 400 watt integrated lighting
12,000 square feet of overhead water system
29,000 square feet of hot water piping for heating

To date, NHS has spent \$650,000 toward the development of its business facilities, in addition to the cost of the Site, and estimates that the replacement cost of the existing equipment noted above is approximately \$2,000,000. As at the date of this Listing Statement, the Issuer, through its subsidiary NHS, is in the process of developing a facility at its Site in Langley which will contain an operating kitchen, a warehouse space, and a cold storage facility, as more fully described in Item 4 below under the heading “Facility”.

### **3.2 Principal Products and Services**

The Issuer does not have anything to report under this section.



### **3.2(1) Significant Acquisitions and Dispositions**

There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation.

The pro-forma consolidated financial statements of New Age Farm Inc. and NHS Industries Ltd. as at February 28, 2014 are attached as Appendix D hereto. Also attached as Appendix E are the audited financial statements of NHS Industries Ltd. for the year ended December 31, 2013 (the “Audited Financial Statements”).

### **3.2(2) Nature of Acquisition/Disposition**

This section does not apply.

### **3.3 Trends, Commitments, Events or Uncertainties**

Other than as disclosed in this Listing Statement, New Age is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.



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## **Item 4**      *Narrative Description of the Business*

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### **4.1**      **General**

As farmers struggle to find ways to increase farm income, interest in “adding value” to raw agricultural products has grown significantly. There are endless ways to increase the value of farm products: by cleaning and cooling, packaging, processing, distributing, cooking, combining, churning, culturing, grinding, hulling, extracting, drying, smoking, handcrafting, spinning, weaving, labeling, or packaging. Besides offering a higher return, value-added products can open new markets, create recognition for a farm, expand the market season, and make a positive contribution to the community. Our current facilities are capable of growing 2.4 million 4” potted plants in a twelve-month period but our future focus will not only be on added value for the grown plants but to add value by reducing or eliminating energy costs and using carbon neutral operating processes.

One avenue often forgotten in adding value is improved operating methods and waste reducing alternate energy sources. We are in the process of formulating innovative proposals for small-scale agricultural facilities. Our current site has been in operation since 2007 and is exploring multiple avenues for cash flow processes. New Age will be a beta site for sustainable growing capabilities and to minimize the carbon footprints of all on-site operations.

#### **4.1(1)(a) Business Objectives**

The Issuer intends to establish a warehouse and processing facility to complement the existing greenhouse complex with the objective of meeting a growing demand in the Metro Vancouver and Fraser Valley areas to help smaller growers become more efficient and productive, to implement value-added product lines, and to reduce waste. The Facility will include such green initiatives as geothermal heat, solar hot water, a LEED-certified warehouse, and the use of over 70% green building materials. It will blend in with the surrounding area, retaining a country feel while being functional and efficient.

Once completed, the Facility will have multiple operating modules to process food into value-added items. Client users of the Facility will be able to employ one or more modules as their needs dictate. The anticipated modules will complement the product categories that the Issuer



has identified through the use of market surveys as the most likely to produce steady and consistent revenues. These are:

**Table 3 Product Categories**

Chocolate/confectionary	Bakery
Sauces & seasonings	Spices
Snacks	Desserts
Sweet spreads	Savoury spreads
Breakfast cereals	Fruits & vegetables
Veggies for baby food	Veggie aspect of seniors foods
Pasta sauces	Honey-based products

Clients can process fruits, vegetables, herbs and flowers that are produced on their small farms and operations using different modules to create product. Clients may also grow their produce using New Age’s greenhouse facilities. Fruits, vegetables, herbs and flowers can also be used in secondary modules to produce bulk powders, whole leaves, extracts and sprays. Clients have the option of running their own processes under the supervision of New Age staff or having New Age do the processing for them.

Clients can take advantage of a variety of support functions to help bring their products to market that will include brand identification, labelling, packaging, distribution, and marketing assistance. The Facility intends to engage qualified and experienced staff who will assist the clients in the use of the different modules, will ensure that high safety and sanitation standards are met, and will provide supervision in the use of the facilities and equipment to ensure a high quality experience for each client user.

The proposed Facility will cover an area of approximately 30,000 square feet and will include a full commercial kitchen, warehouse space, and a cold storage facility, as follows:



**Table 4 Facility Area**

<b>Space</b>	<b>Area (Feet<sup>2</sup>)</b>
Storage/Washrooms	1,000
Cold Storage	2,000
Kitchen	2,000
Temporary Raw Material Storage	2,000
Loading Dock	2,000
Warehouse	22,000
Other (office area)	1,000
<b>Total Development</b>	<b><u>30,000</u></b>

#### **4.1(1)(b) Significant Milestones**

In the next 12 months, New Age must meet a number of milestones in order to meet its business objectives:

- ***Listing***

New Age must achieve listed issuer status on a recognized stock exchange in Canada, more particularly on the Canadian Securities Exchange, or CSE.

- ***Financing***

New Age has raised operating capital in the amount of \$125,500 through a non-brokered private placement of common shares of NHS at a purchase price of \$0.10 common share.

- ***Development Capital***

To begin operations, New Age will need to arrange development capital for the purpose of funding the Facility costs set out in “Table 11 Facility Costs”. Such development capital may come from certain types of loans as more fully described under the heading “Funding Options”, or from the funds generated from internal operations, or sale of debt or equity in the capital of the Issuer.



- **Workforce Planning**

The Facility will need access to an available workforce including management and operational personnel with training and experience in the agricultural food sector. The Issuer has already determined that such personnel are in good supply and available for immediate hire.

#### **4.1(1)(c) Available Funds**

To date, sources of capital comprise interest on funds that have been deposited and the rent collected on the house located on the Site, as well as \$125,500 from NHS's recent non-brokered private placement.

##### **4.1(1)(c)(i) Working Capital**

The Issuer has raised \$125,500 in working capital through a non-brokered private placement in NHS. The Issuer intends to raise up to \$3,000,000 through a mixture of revenue derived from operations, share and debt equity financing, and agribusiness loans.

##### **4.1(1)(c)(ii) Other Funds**

- **Funding Options**

The Issuer plans to use all available assets to create maximum cash flow possible. Initially, the Issuer intends to approach its network of brokers to explore interest in different financing options and to assess market interest in participating in private placements of equity or convertible debt instruments or a combination of the two that would be most beneficial to the parties involved. New Age will attempt to leverage our future facilities to prospective clients for services up front, or offer shares for work commitments now or possibly through a combination of these options. The Issuer will also engage in mutually beneficial exchanges such as exchanging fill fees or peat soil for reciprocal equipment or operator use.

The Issuer also intends to explore funding through a variety of loans aimed specifically at initiatives such as ours that strive to diversify British Columbia's agribusiness sector, including those offered by such agencies as the Investment Agriculture Foundation of British Columbia, Western Economic Diversification Canada and community credit unions that are described below.





### ***Investment Agriculture Foundation of BC***

The Investment Agriculture Foundation of British Columbia (“IAFBC”) is an industry-led, not-for-profit organization established in 1996 to strategically invest federal and provincial funds in support of innovative projects to benefit the agri-food industry in British Columbia. The IAFBC assists British Columbia's producers, processors, agri-businesses and rural communities to adapt, diversify and grow. Their mandate is to invest in projects that enable the BC agri-food industry to innovate, proactively seize new opportunities and deal with emerging issues. One of the IAFBC’s initiatives is a \$1.5 million fund to assist with the development of the food, beverage and nutraceutical processing industry under the auspices of the Agri-Food Futures Fund, a program that reflects New Age’s goals.

### ***Western Economic Diversification Canada***

Western Economic Diversification Canada (“WD” or the “Department”) was established in 1987 to diversify the western economy. Under the *Western Economic Diversification Act*, the Department is mandated to “promote the development and diversification of the economy of Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation.” The Issuer will be able to access the different programs through the WD to assist in successfully implementing its business plan.

### ***Community Investment Loan Fund***

Loans are available through the Community Investment Loan Fund, a joint venture between WD, the Working Opportunity Fund (a BC labour sponsored venture capital corporation), and the Community Futures Development Corporations (CFDCs). The CFDCs deliver the loans and direct services to small business.

### ***Credit Unions***

#### Vancouver City Savings Credit Union

Vancouver City Savings Credit Union, commonly known as “Vancity,” is Canada's largest credit union, is committed to corporate social responsibility and has developed a number of financial products, programs, and partnerships to support new areas of the



economy such as social and environmental enterprises. These programs include a graduated set of community business loans that includes loans and lines of credit for new or existing businesses that require little to no collateral for up to \$35,000 and a full range of financing options to implement eco-efficiencies and achieve specific business goals with positive environmental impacts. It also includes community investment options for Vancity members.

### Coast Capital Savings Community Lending

Coast Capital Savings is Canada’s second largest credit union and it offers micro-credit loans of up to \$35,000 and social enterprise loans of up to \$150,000 for ventures with a social and/or environmental purpose.

In addition, the existing greenhouse facilities are capable of generating revenues immediately. See Revenue Generation.

#### o **Revenue Generation**

The following is a list of existing and planned revenue sources for the operation.

**Table 5 Revenue Sources from Planned Infrastructure in First Year of Operation**

<b>Revenue from Planned Infrastructure</b>	
Fill Site Fees (\$49 - \$79/15yd truck load)	\$ 250,000
Warehousing 3,000 skids @ \$20/month/skid	720,000
Commercial Kitchen / Processing	250,000
	\$ 1,220,000

**Table 6 Existing and Planned Revenue Sources**

<b>Revenue Source</b>	<b>Existing</b>	<b>Planned</b>
Direct fee for processing		✓
Storage fees for freezing, cooler or dry storage		✓
Logistics assistance		✓
Marketing/business assistance		✓
Event rentals		✓
Consulting fees		✓
Greenhouse Growing	✓	
Peat Soil Sales	✓	



As of the date of this Listing Statement, the Issuer has 48,000 square feet of greenhouse space and 80,000 cubic yards of peat soil on the Site, ready to generate revenue. Table 7 sets out the minimum and maximum estimated revenue potential from these sources. The rental property on the Site will continue to generate revenue.

**Table 7 Revenue Sources from Existing Infrastructure**

<b>Revenue from Existing Infrastructure</b>		
	Min	Max
Rental property	\$ 84,000	\$ 84,000
48,000 ft <sup>2</sup> Greenhouses capable of growing 2,400,000 four inch potted plants @ \$1.20 gross profit per plant	2,880,000	2,880,000
80,000 yd <sup>3</sup> of peat soil (bulk @ \$30/yd. or bagged in 20 litre bags @ \$80/yd.)	2,400,000	6,400,000
	<b>\$ 5,364,000</b>	<b>\$ 9,364,000</b>

Future infrastructure will be immediately capable of generating revenue as it is built or implemented. Anticipated billing rates are shown in Appendix F.

**4.1(1)(d) Use of Proceeds**

It is anticipated that the Facility will be completed within the next 12 months at a cost of approximately \$3,000,000.

**Table 8 Use of Funds**

<b>Item</b>	<b>Cost (\$)</b>
Proposed building	2,000,000
Geothermal installation	500,000
Environmental studies	25,000
Equipment	300,000
General and administrative, including salaries	100,000
Unallocated working capital	75,000
<b>Total Estimated Cost</b>	<b>3,000,000</b>



#### **4.1(2)(a) Distribution and Markets**

##### **o Distribution**

The Langley, British Columbia location of the Site provides quick, direct access to local and international transportation routes. The majority of the Issuer's customers are located within a 60-minute travel radius and local transportation will be via the TransCanada Highway. The Issuer's facilities are located just minutes from three major Canada-U.S. border crossings: the Peace Arch crossing; the 176<sup>th</sup> St. truck crossing; and the crossing at 264<sup>th</sup> Street. Since the United States continues to be BC's largest export market, this proximity will allow the Issuer quick and efficient access to a major trading partner, 2012 Export Highlights British Columbia Agrifoods.

##### **o Principal Markets**

New Age operates a food growing and processing facility in the Fraser Valley region of British Columbia designed to encourage multiple simultaneous users who pay for what they use. This is an inclusive, collaborative, modular and comprehensive environment designed to be non-intimidating to small users. New Age owns the land and the processing facility and users will share processing equipment that will add value to the small user's products and assist them with appropriate distribution channels to move the product to the shelf.

In 2012, British Columbia's agri-food industry exported more than \$2.5 billion worth of products to over 130 countries, according to 2012 Export Highlights British Columbia Agrifoods. The food and beverage industry is a major contributor to the province's manufacturing economy, ranked 3<sup>rd</sup> in the manufacturing sector. It contributed approximately \$2.1 billion in 2004 to the provincial Gross Domestic Product (GDP), or just over 5% of the total provincial GDP contributed by goods-producing industries in British Columbia, according to the BC Food Processing Industry Overview. About 55% of British Columbia's food processing companies are located in the Greater Vancouver and Fraser Valley regions and the majority of these are small and medium-sized firms employing under 50 persons. This type of enterprise offers operational flexibility that can respond to shifts in consumer tastes and preferences.

Farming in proximity to a growing metropolitan area has a mix of benefits and challenges. The urban community offers the agricultural industry a large market for farm products including easy access to distribution and transportation networks for export markets. There are also opportunities for farmers to diversify their income with agri-tourism and off-farm employment.



Metro Vancouver has adopted the Regional *Food System Strategy* aimed at 1) increasing the capacity to produce food closer to home; and 2) improving the financial viability of the food sector (Regional Food System Strategy, 2014).

Experience in the United States with processing incubators has shown that users will spend up to a one-hour commute getting to a facility. A 2004 [survey](#) of user groups in Chilliwack, British Columbia showed respondents willing to drive up to 80 kilometres with an average willingness of 27 kilometres. More Vancouver-area respondents might well have demonstrated a greater willingness to travel longer to a facility, under the assumption that these users would be more used to traffic congestion and commuting times. In any case, what the sensitivity to travel distances and times does indicate is that a facility like this one would be accessible and attractive to users in both the Fraser Valley and Metro Vancouver districts.

**Metro Vancouver is one of the Issuer's principal markets.** Metro Vancouver has numerous locational advantages for small-scale food processing activity, including proximity to markets, proximity to inputs and a considerable pool of entrepreneurs and companies engaged in processing activities (Hope Small-Scale Food Processing Facility: Feasibility Analysis, 2008). The size of the regional market in the Lower Mainland is now over two million and growing steadily. If southern Vancouver Island is included in this scenario, then the market potential grows by another one-sixth percent. This represents a potential lucrative market for small-scale producers and processors who are looking to take strategic advantage of direct selling, rising transportation costs and consumer trends like the 100 Mile Diet. The success of these strategies is directly related to market proximity.

Complementary tools such as the Internet can provide innovative options for helping processors expand into niche markets, including the important food services sector. The access to the various inputs needed to conduct food processing activity is relatively good in the Fraser Valley, compared to other areas of the province and the country. According to the 2006 Census, the Fraser Valley Regional District has 13% of farms, 22% of farm capital and 35% of gross farm receipts (Statistics Canada 2008). As a provincial leader in livestock, specialty livestock, nursery products, cut flowers, vegetables and berries, the feedstock needed to conduct value-added activities, including food processing, are located in the Fraser Valley. This includes access to a



skilled and flexible labour force which is experienced in many different processing sub-sectors. Access to government, institutional, producer groups and private sector services is also very good.

Finally, there is a significant pool of existing and potential small-lot farms and food entrepreneurs, many of which are involved in micro and small-scale processing activities. These operators represent prospective tenants on which a shared-use facility can rely for a consistent and reliable rental revenue stream.

This Facility will meet a growing demand in the Metro Vancouver and Fraser Valley areas to help the smaller growers become more efficient and more productive, implement value-added product lines, and reduce waste.

#### **4.1(2)(b) Revenues from Principal Products**

The Issuer has not yet started operations and has realized no revenues from its principal products. Neither has it made any sales or transfers to joint ventures in which it has been a participant, nor made any sales to customers, controlling shareholders or investees.

#### **4.1(2)(c) Development of Principal Products**

The business model for New Age is the operation of a food growing and processing facility in the Fraser Valley region of the Lower Mainland of British Columbia that is designed to encourage multiple simultaneous users to pay for what they use. This is an inclusive, collaborative, modular and comprehensive environment designed to be non-intimidating to small users. New Age owns the land and the processing facility and shares the use of the processing equipment to add value to the small user's products and assists them with appropriate distribution channels to move the product to the shelf.

#### **4.1(2)(c)(i) Timing and Research**

A simple, non-scientific, marketing survey of local growers was conducted by NHS to determine the viability of the market in the Lower Mainland for this processing facility. A dozen questions were posed to the selected group. Participants in the survey were selected from similar spheres of influence, all of whom were experiencing similar problems accessing small-scale processing and storage facilities.



- When asked to describe what type of crop they were involved with, 64% of the respondents responded they were involved with growing an agricultural crop in the Lower Mainland while 18% were involved with raising livestock. Of those involved with growing food, virtually all of them felt they processed crops in some fashion, from cleaning, sorting, labelling or weighing, to the development of new products that combine two or more ingredients.
- Categories named by the respondents included:
  - Spreads including honey
  - Jams/Jellies/Fruit Butters
  - Crackers
  - Sauces
  - Chutney/Compote
  - Baked Goods (sweet), cookies and scones
  - Dried Fruits, Vegetables and Herbs
  - Candy
- When asked, two thirds believed that there was a need for additional processing capabilities and, of desired additional capabilities, adjectives used to describe that need included:
  - Batch (small scale runs) 37%
  - Testing including lab facilities 10%
  - Added storage 22%
  - Access to drying 15%
- When asked about using a facility that charged a fee based on only the specific equipment or services that they used, 81% replied in the affirmative, that they would prefer this fee structure. Some qualified their responses that such fees needed to be economical for their particular products.
- When asked to suggest a location for a new processing facility in the Fraser Valley, answers were clustered as follows:
  - Surrey/Delta/Richmond 29%
  - Lower/Central Fraser Valley-Langley/Abbotsford 62%
  - Eastern Fraser Valley-Chilliwack/Hope 9%
- When asked how far would the respondent would drive to transport their products for processing the response was:
  - 1 – 2 hours 72%
  - 2 + hours 18%
- When asked about preference for a year-round versus a seasonal only facility, over 50% sought a year-round processing facility.
- When asked, 90% of all respondents felt that a Hazard Analysis Critical Control Point (HACCP)-certified facility would be important to their business.

**These responses encouraged New Age to move forward with the development of this needed processing facility.**



#### 4.1(2)(c)(ii) Major Components of Proposed Programs

The Facility is designed for multiple, simultaneous users with the long-term capability to run three full shifts, for around-the-clock operations.

##### ○ **Product Categories**

After analysis of the retail grocery industry and after conducting the user survey noted under Timing and Research, New Age identified a number of product categories as economically potential outputs for the Facility.

Categories	
Chocolate/confectionary	Bakery
Sauces & seasonings	Spices
Snacks	Desserts
Sweet spreads	Savoury spreads
Breakfast cereals	Fruits & vegetables
Veggies for baby food	Veggie aspect of seniors foods
Pasta sauces	Honey based products

##### ○ **Processing Modules**

The following modules are planned to allow users to process raw food into value-added items for retail food chains, specialty grocers, farmers' markets and other niche markets.

**Table 9 Processing Modules**

Modules	
Primary	Secondary
<i>Fruits, vegetables, herbs and flowers</i>	<i>Fruits, vegetables, herbs and flowers ... as ingredients</i>
Confectionary Module	Powder (bulk)
Baking Module	Whole leaf
Hot fill Module	Extract
Flash freezing module	Spray
Dryer Module	
Liquid Distillation Module	





- **Support Functions**

The Facility will provide consulting services to the client users to assist them with branding and marketing their products. These include:

**Table 10 Support Functions**

<b>Support Functions</b>
Brand identification
Label support
Packaging
Distribution
Market qualification
Direct and indirect marketing

- **Planned Facilities & Equipment**

The Facility already has 48,000 square feet of usable greenhouse space and other amenities as set out under the heading “Existing Equipment”. As part of the Facility development plan, the Issuer intends to build a LEED-certified warehouse at a cost of \$2,000,000 and install the processing modules shown in “Table 12 Processing Modules”, at a cost of \$300,000.

- **Planned**

**Table 11 Facility Costs**

<b>Item</b>	<b>Cost (\$)</b>
Proposed building	2,000,000
Geothermal installation	500,000
Environmental studies	25,000
Equipment	300,000
Miscellaneous	75,000
<b>Total Estimated Cost</b>	<b>2,900,000</b>



**Table 12 Processing Modules**

<b>Processing Module</b>	<b>Cost of Equipment (\$)</b>
Confectionary and Baking	125,000
Hot fill	65,000
Flash Freezing	35,000
Dehydrating and Drying	35,000
Liquid Distillation Primary	20,000
Food Laboratory	20,000
<b>Total</b>	<b>300,000</b>

Notes:

The total cost of equipment shown above represents a breakout of anticipated equipment costs shown in “Table 11 Facility Costs”.

***Kitchen Equipment and Processing Modules:***

The kitchen will be equipped with equipment for shared use and with specialized equipment related to the different processing modules.

**Table 13 Kitchen Equipment**

<b>Kitchen Equipment</b>
Two six burner and convection oven combination cook units One high temperature dishwasher One ten foot by five foot stainless steel prep counter



**Table 14 Module Components & Accessories**

Processing Module	Individual Components (\$)	Budgeted By Module \$
<b>Confectionary and Baking Modules</b>		<b>125,000</b>
Hobart Mixer – Floor	6,500	
Hobart Mixer – Counter	4,000	
Mini Counter Mixer	2,000	
Food Processor – Industrial	1,000	
Heating Burners (2)	600	
Microwave – Industrial (2)	1,000	
Electronic Scales (2)	1,000	
Sheeter – reversible	6,500	
Depositer Mid-size, multi, wire	4,500	
Extruder – Rheon, portable 3 layer (used)	25,000	
Used Extruder	14,400	
Trays, Rolling Racks and Forms	6,500	
Counter Convection	28,000	
Gas Rack	4,000	
Flow Wrap (used)		
<b>Subtotal</b>	<b>105,000</b>	
Transportation	10,000	
Installation	10,000	
<b>Estimated Total</b>	<b>125,000</b>	
<b>Hot fill Module</b>		<b>65,000</b>
Hobart Mixer – Floor	5,100	
Hobart Mixer – Counter	2,500	
Kettle – 60 gal – Floor	8,000	
Kettle – 2 gal – Tabletop	4,000	
Kettle – 10 gal	6,000	
Electronic Scales (2)	1,000	
Microwave – Counter top (2)	600	



**continued**

<b>Hot fill Module</b>		
Commercial Gas Range		2,500
Exhaust Hood		2,500
Stainless work surfaces		6,800
Canning & capping line (used) with labeller		14,000
Three compartment sink		1,500
	<b>Subtotal</b>	<b>27,300</b>
	Transportation	8,000
	Installation	1,500
	<b>Estimated Total</b>	<b>36,800</b>
<b>Flash Freezing Module</b>		<b>35,000</b>
Equipment (Includes transportation & installation)		35,000
	<b>Estimated Total</b>	<b>35,000</b>
<b>Dehydrating and Drying Module</b>		<b>35,000</b>
Dehydrator (from Oregon)		10,500
Dehydrator units – Countertop (10)		5,500
Stainless drying racks		1,500
Stainless wood area/counter surfaces		2,000
Exhaust Hood		1,500
Electronic Scale (2)		1,000
Small Wares		500
Three Compartment Sink		1,500
	<b>Subtotal</b>	<b>24,000</b>
	Transportation	8,000
	Installation	1,500
	<b>Estimated Total</b>	<b>33,500</b>



<b>Liquid Distillation Module</b>		<b>20,000</b>
Equipment (Includes transportation & installation)	17,000	
<b>Estimated Total</b>	<b>17,000</b>	
<b>Food Laboratory Equipment</b>		<b>20,000</b>
Food Processor		
Blender		
Small Dough Proofer		
Hand mixer		
Stock Pots		
Iron Cookware		
Scales		
Measuring equipment		
Thermometers		
Shortometer		
Penetrometer		
Water Meter		
PH Meter		
Gram Balances		
Graduated Cylinders		
Misc small wares		
Sterilizing Unit		
Food Processor		
<b>Subtotal</b>	<b>15,000</b>	
Transportation	2,000	
Installation	1,500	
<b>Estimated Total</b>	<b>18,500</b>	
<b>Estimated Grand Total</b>	<b>293,000</b>	
<b>Total Budgeted</b>		<b>300,000</b>



## ***Employees***

The Issuer has budgeted an initial amount of \$100,000 to cover the cost of a skeleton staff in the first year, prior to operations starting up. Once operations begin, New Age will employ a lean group of competent individuals that will be well-trained in sanitation and security.

<b>Staff</b>
General Manager
Kitchen Manager
(These two positions will initially be combined until volume warrants two staff.)
Head Baker
Dishwasher
Security Officer
Packaging/Warehouseman
Administrative Assistant
Bookkeeper
<i>Later, additional staff will include:</i>
Head Groundskeeper
Groundsmen
1 <sup>st</sup> and 2 <sup>nd</sup> Shift Managers for:
○ Kitchen
○ Bakery
○ Pastry
○ Driers
○ Hot Fill

The Issuer expects the full operation to come on line in late 2015, after the Facility is completed and the processing modules are installed. It is expected that New Age will generate just over \$1,000,000 in gross revenues from these modules in the first year of operation and expects that by the end of the third year, this revenue will be double this amount and the Facility will employ a staff of 20 people.

### **4.1(2)(c)(iii) Research & Development**

The Issuer has conducted its own research and development that included literature review and gathering evidence from our sample study. Our own prior experience absolutely dictated the need for a processing /storage facility. During the Issuer's first two years in production they experienced a total loss due to weather problems. Prior to the spring season, New Age grew upwards of 250,000 potted plants each year in its greenhouse facility and in both those



years, the Issuer had to compost upwards of 90% of each crop because the rain and cold weather prevented planting during the spring and summer season.

Had the Issuer had access to a small-scale processing and storage facility such as we envision for New Age, we would have been able to freeze or dry the plants for future use, or distill essential oils for further enhancements, thereby allowing us to use the crop to produce useful end products in one or more ways. During this time, New Age also had an opportunity to acquire two tons of frozen blueberries suitable for drying, and grinding to powder to create a nutritional supplement, but due to the small-scale processing the Issuer needed, it proved impossible. Commercial processors were equipped to process much larger quantities. This cemented the vision of a small-scale production facility available to smaller commercial growers.

#### **4.1(2)(c)(iv) Research & Development**

The Issuer will reach commercial production once it has raised sufficient funds to build the Facility.

#### **4.1(3) Production and Sales**

New Age will facilitate the growth and success of British Columbia farms and food businesses in the Greater Vancouver and Fraser Valley areas through its HACCP-certified food facility that will become the choice for distinguished farm growers and food processing companies in southern British Columbia.

#### **4.1(3) (a) Services and Products Provided**

Products made at the Facility will either be made under arrangement with New Age or independent growers can use the facilities to process their own value-added agri-food items for sale through grocery outlets and speciality marketplaces. Any activity that maintains or raises the quality or alters the physical or chemical characteristics of a material or object, or otherwise adds to it, is considered processing. For British Columbia food products, this can be as simple and quick as washing vegetables or it can be as long and complicated as making cheese or wine. Cooking, canning, smoking and drying are among some of the processing methods used.



Many farm products must be processed before they can be used as intended. Most fruits and vegetables, for example, are cleaned, graded and stored or processed before they are eaten, while many livestock rations are cleaned, dried, ground and mixed before they are fed.

The majority of agricultural products are perishable and only available for a short period of time, so processing can extend their availability into other seasons. On-farm processing is done to prepare products for sale, make value-added products to sell, and prepare livestock feed. The term “on-farm processing” also includes the preparation of growing media for greenhouse and mushroom production and for composting of farm wastes. Processing operations may be carried out continuously or intermittently.

Our shared-use processing facility will provide small-scale food processors with the opportunity to use modern equipment for their processing needs, without high capital outlays. The characteristics of a shared-use facility can vary widely depending on the nature of agri-food markets, the size and structure of the local processing sector, infrastructure availability, proximity to suppliers and support businesses and opportunities for sale of the products. New Age will provide the following to its clients:

- A facility capable of delivering quality food production, including manufacturing processes and paper trails that meet consumer and regulatory expectations.
- A sound operation and management plan implemented by an experienced manager with the authority and responsibility to run the facility to meet clear predetermined objectives.
- The capability to allow more than two or three manufacturing processes at one time. These processes are:
  - hot fill,
  - baking,
  - freezing
  - distillation,
  - dehydrating, and
  - full service “pic’n’pac” warehousing.
- Clear policies and procedures for procurement, storage, packaging and labelling.
- Partnerships to deliver training programs by existing institutions.
- Design and delivery of specialized business and market planning services, including assistance with packaging and branding.





#### **4.1(3) (b) Payment Terms & Mortgages**

The Issuer has a commercial mortgage secured by a rental property and an assignment of rents. The mortgage bears interest at the rate of 4.25% per year until October 1, 2017. The mortgage is in good standing with blended monthly payments of \$3,842 and a balance owing of approximately \$695,000.

#### **4.1(3) (c) Specialized Skill & Knowledge**

Any facility or location where food is prepared, stored or served to the general public is designated as “food premises” under the Food Premises Regulation, B.C. Reg. 210/99. This includes food production or manufacturing facilities, food stores, restaurants, bakeries, butcher shops, catering facilities, mobile vending carts and temporary food events at fairs or festivals.

Food premises are inspected on a regular basis to ensure compliance with the Food Premises Regulation and the Food Safety Act. Inspections determine if industry standard practices are being followed with respect to general food handling, storage temperatures, sanitation, employee hygiene and equipment or food contact surface disinfection procedures for the specific type of processes and foods involved.

Public health inspectors pay particular attention to ensuring that food is protected from possible contamination by chemicals or microorganisms and that adequate temperature controls are in place during the heating, cooling and storage of potentially hazardous foods. The general sanitary and physical condition of the premises is also evaluated.

The Fraser Health Authority does not inspect or monitor those facilities where only pre-packaged, non-potentially hazardous foods are offered for sale.

In general, hazard ratings are assigned based on an assessment of violations or conditions noted at the time of inspection. Therefore, employees at the Facility will have training through the BC FoodSafe program.

The FoodSafe Program is a comprehensive food safety training program designed for the food service industry. It is an initiative of the Province of British Columbia and is developed and managed by the BC FoodSafe Secretariat in partnership with the BC Centre for Disease Control, the BC Regional Health Authorities, the BC Restaurant and Food Services Association and



WorkSafe BC. FoodSafe courses are available face-to-face, online, and by correspondence, and are recognized throughout British Columbia and across Canada as meeting the requirements for food safety training for food service industry workers.

The MarketSafe Program is a food safety training program for farmers and producers who make, bake or grow products to sell at farmers' markets or other types of temporary markets. MarketSafe was developed by BC FoodSafe in partnership with the BC Association of Farmers' Markets.

#### **4.1(3) (d) Sources, Pricing, Raw Materials**

The raw materials that go into the products will be grown in the greenhouses onsite or they will be brought in by the client users who will likely have grown these raw materials on their own small-scale farms. Farms in close proximity to large urban centres are typically smaller than most farms in B.C. The average size of a farm in Metro Vancouver is 16 hectares (ha), much lower than the provincial average of 143 ha. Twelve percent of farms in the region were greater than 28 ha and 47% of farms were less than 4 ha. Almost half (48%) of the farms had gross annual farm receipts under \$10,000.

The main crops grown in the region are field vegetables, berries, and ornamental plants and greenhouse vegetables and flowers. In 2006, Metro Vancouver led the province in total cultivated land for potatoes, beans, lettuce, cabbage, carrots, celery, spinach, squash, pumpkins, zucchini, blueberries and cranberries. The type of crops grown depends on market demand and tends to fluctuate over the years. Blueberries, in particular, have increased by 1,228 ha in the last ten years.

Greenhouse, nursery and floriculture operations are another significant component of the agricultural industry in Metro Vancouver. In 2006, these operations accounted for 21% of farms and over half of the total annual gross receipts in the region. Fifty-four percent of the greenhouses grow vegetables.

#### **4.1(3) (e) Intellectual Property**

This does not apply to the Issuer.



#### **4.1(3) (f) Seasonal Nature**

The seasonality of British Columbia crop production is a significant factor limiting processing competitiveness. The Facility offers year-round growing in its 48,000 square feet of warehouse space to reduce the impact of this seasonality. In addition, importation of raw produce can enhance year-round activity.

#### **4.1(3) (g) Relevant Contract Terms**

There are no contracts in place that may be renegotiated or terminated in the 12 months following the date of this Listing Statement that might affect the Issuer's business.

#### **4.1(3) (h) Environmental Requirements**

The Department of Health Protection of the Fraser Health Authority is responsible for regulating and monitoring many public facilities and those aspects of the environment that have a direct impact on public health.

Environmental Health Services ensures that the Public Health Act, Drinking Water Protection Act, Tobacco Sales Act, Food Safety Act and associated regulations are met to protect the health and safety of the public in the following areas that are relevant to New Age:

- Restaurants and food service facilities
- Drinking water supply systems
- Investigation of communicable disease cases and outbreaks
- Surveillance of West Nile virus
- Onsite sewage disposal systems.

#### **4.1(3) (i) Employees**

The Issuer does not have any employees at the current time.

#### **4.1(3) (j) Foreign Operations**

This does not apply to the Issuer.

#### **4.1(3) (k) Trade Contracts**

There are currently no contracts upon which the Issuer's business is substantially dependent such as a contract to sell the major part of the products or services to one customer.



#### **4.1(3) (1) Contract Terms**

There are currently no contracts coming up for renegotiation or termination that could affect the business.

#### **4.1(4) Competitive Conditions**

The following is a partial list of food processing competitors in the Metro Vancouver area. Most of these operations do not serve the same market as New Age. They focus on larger farm operators that provide more substantial volumes and are not accessible to our market:

- Abbotsford Growers Cooperative
- BC Frozen Foods
- Can-Pacific Packers Inc.
- Fraser Valley Packers Inc.
- Lucerne Foods Ltd.
- Narang Farms
- Ocean Spray of Canada
- Pacific Canadian Fruit Packers
- Pacific Coast Fruit Products
- Snowcrest Packers Ltd.
- Triple Crown Packers Ltd.

#### ***Competitive Advantage***

A fundamental difference to existing processing operations is that our facility was designed from the ground up to be shared and collaborative with a modular approach. This orientation is in direct contrast with most production plants as well as private label processors where facility layouts and product runs are created for the needs of one specific organization.

The Facility will be designed to be convenient and familiar with the requirements of outside organizations beginning with guest lockers for personal items; to work stations in a mini business centre cluster. We express a business and emotional understanding of the needs of entrepreneurial and emerging companies based on the personal experience and expertise of the members of the Issuer.



Pursuing HACCP certification will clearly provide a competitive advantage to demonstrate the commitment to the safe handling and processing of food products. Finally, the incredibly well-situated location provides us with almost immediate access to shipping lanes, border access to the United States, public storage, and, of course, access to growing farms.

### *Advertising & Promotional Plan*

The Issuer has put together a 10-point plan for advertising and promoting New Age Farm and its products and services. The Issuer intends to:

1. Invite key opinion leaders to participate throughout the entire distribution chain. Select some leading British Columbia companies to court actively with information packages that will help influence other companies to select the Issuer.
2. Place trade announcements in appropriate publications from mainstream to more organic and natural magazines.
3. Present open house events and tours to create awareness with VIPs as well as for media opportunities.
4. Develop a specific communication mini-plan for local chefs and leading foodies.
5. Communicate directly with chairs of these organizations through targeted association notices and invitations.
6. Distribute information in trade newspapers and promotional sheets for retailers, brokers, and distributors to inform them that the Facility will be available for their actual and potential suppliers.
7. Engage in specific activities to ensure that municipal and provincial officials are aware, supportive and very knowledgeable of the operating parameters of the Facility.
8. Distribute information at various farm markets and other producer functions where smaller processors market their products.
9. Conduct school and institution tours to ensure that New Age is woven into the community at the grass roots level.
10. Schedule and conduct an official ribbon cutting grand opening ceremony with all the appropriate public relations support for this “photo opportunity”.

### **4.1(5) Investment Policies & Lending Restrictions**

This does not apply to the Issuer.



#### **4.1(6) Bankruptcies and Receiverships**

This does not apply to the Issuer.

#### **4.1(7) Material Restructuring of the Issuer**

Other than the Arrangement and Amalgamation discussed under “Item 2 Corporate Structure”, there has been no material restructuring of the Issuer.

#### **4.1(8) Social Policies**

This does not apply to the Issuer.

#### **4.2 Asset-backed securities**

This does not apply to the Issuer.

#### **4.3 Mineral Project**

This does not apply to the Issuer.

#### **4.4 Oil and Gas Project**

This does not apply to the Issuer.

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### ***Item 5 Selected Consolidated Financial Information***

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#### **5.1 (a) Net Sales or Total Revenues**

For the three months ended March 31, 2014, the Issuer has achieved total revenues of \$21,002.

#### **5.1 (b) Income**

The total revenues set out above are comprised of \$21,000 in rental income and \$2 of interest income.

#### **5.1 (c) Net loss and net loss per share**

Nil.

#### **5.1 (d) Total Assets**

The Issuer has \$1,934,071 in assets, comprised of \$1,274,083 in property, plant and equipment and \$650,000 in property under development.



## Property, Plant and Equipment

	March 31, 2014			December 31, 2013
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Building	213,800	96,211	117,589	121,154
Greenhouse	298,626	54,523	244,103	246,236
Furniture, fixture and equipment	21,423	12,174	9,249	9,559
Motor Vehicle	23,776	20,634	3,142	3,397
	<u>\$ 1,457,625</u>	<u>\$ 183,542</u>	<u>\$ 1,274,083</u>	<u>\$ 1,280,346</u>

### Property under Development

At March 31, 2014, the Issuer is in the process of building a facility, which will contain an operating kitchen, a warehouse space and a cold storage facility. As at March 31, 2014, the Issuer has incurred expenditures of \$650,000 (December 31, 2013: \$650,000) on this development.

#### 5.1 (e) Long term liabilities

##### Secured Loans

The Issuer has entered into secured loans and a mortgage with certain creditors as follows:

- A mortgage in favour of BlueShore Financial with a balance owing of \$671,235 as at March 31, 2014 is secured by a rental property owned by the Issuer and an assignment of rents.
- A non-interest bearing secured loan in the amount of \$1,097,737 is due and payable to an officer of the Issuer on March 31, 2016. It is secured by the Issuer's current and future assets secondary to the mortgage noted above. On June 30, 2014, the Issuer entered into an agreement with this officer to settle \$600,000 of the secured loan by converting the debt into common shares at \$0.10 per share for total of 6,000,000 common shares. The Issuer thus reduced this non-interest bearing secured loan to \$497,737, which loan is due and payable to the officer on June 30, 2016.
- The Issuer has also entered into another non-interest bearing secured loan in the amount of \$500,000 which is due and payable on March 31, 2016, secured by current and future assets of the Issuer, and subordinated to the registered holder described above.



### 5.1 (f) Dividends declared

The Issuer has not declared any dividends since inception.

### 5.1 (g) Other information

There is no other information to report.

## 5.2 Consolidated Quarterly Information

	Three months ended			
	March 31 2014	December 31 2013	September 30 2013	June 30 2013
Total Revenue	\$ 21,002	\$ 21,000	\$ 21,000	\$ 7,000
Interest income	2	28	63	12
Expenses	67,157	92,543	21,386	21,386
Net loss	(46,155)	(71,515)	(323)	(14,374)
Net loss per share and diluted loss per share	(0.00)	(7,152)	(32)	(1,437)

	Three months ended			
	March 31 2013	December 31 2012	September 30 2012	June 30 2012
Total Revenue	\$ --	\$ --	\$ --	\$ --
Interest income	--	1	--	1
Expenses	18,019	22,672	22,672	22,672
Net loss	(18,019)	(22,671)	(22,672)	(22,672)
Net loss per share and diluted loss per share	(1,802)	(2,267)	(2,267)	(2,267)

### 5.3 Dividends

The Issuer has not declared any dividends to date and has no plans to do so in the foreseeable future.

### 5.4 Foreign GAAP

This does not apply to the Issuer.





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## **Item 6      *Management's Discussion and Analysis***

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### ○ ***Annual MD&A***

#### **6.1 Date of MD&A**

The MD&A has been prepared effective April 30, 2014.

#### **6.2 Overall Performance**

##### ***Trends***

Other than as disclosed in this MD&A, the Issuer is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

##### ***General Development of the Business of New Age and NHS***

New Age was incorporated in British Columbia on September 27, 2013 as a wholly-owned subsidiary of a publicly traded company, Five Nines Ventures Ltd. ("Five Nines"). The Issuer had not yet commenced commercial operations as of February 28, 2014. During 2013, Five Nines obtained final court approval to complete a plan of arrangement (the "Arrangement") pursuant to Division 5 of Part 9 of the Act with its wholly-owned subsidiary New Age, among others. Under the Arrangement, the Issuer acquired \$5,000 and all of Five Nines' interest in an agreement to merge with NHS through a business combination, in exchange for common shares (the "New Age Shares") of the Issuer, which New Age Shares were distributed to Five Nines shareholders pursuant to the Arrangement. On closing of the Arrangement, each Five Nines shareholder as of the share distribution record date received one new common share in the capital of Five Nines and its pro-rata share of the New Age Shares as distributed under the Arrangement for each Five Nines common share held by such person at the share distribution record date (determined to be as of December 31, 2013).

On April 1, 2014, the Issuer acquired the NHS Letter of Intent and \$5,000 from Five Nines as part of the Arrangement. The Issuer has not commenced any commercial operations other than



acquiring the NHS Letter of Intent from Five Nines. On completion of the Arrangement, the Issuer became a reporting issuer in the provinces of British Columbia and Alberta, and acquired the shareholders of Five Nines as of the share distribution record date.

The Issuer has completed the Arrangement and issued 2,433,667 common shares in exchange for \$5,000 cash and the NHS Letter of Intent. Such shares were distributed to shareholders of Five Nines as of the record date of December 31, 2013.

The Issuer, after amalgamating with NHS, will be a start-up company and will further develop the Langley project from NHS. The project is located on a five-and-a-half acre area devoted to growing and eventually being able to process, package and store finished food-based products either in cold storage or dry storage before being shipped to their final destination. NHS has already invested significant amounts to date in product development and feasibility studies. The current business objective of the Issuer is to raise \$3,000,000 to build and operate a state-of-the-art warehouse / processing facility to generate near-term cash flow. NHS's business plan sets out a comprehensive review of the critical factors that would add capacity through a modular and fee-based approach that is designed to support small and medium producers. Accordingly, the Issuer's financial success may be dependent upon the extent to which it can develop its Langley project and the economic viability of acquiring, or developing, any such additional projects on the property.

On April 30, 2014, the Issuer entered into a definitive acquisition agreement with NHS Industries Ltd. such that NHS will amalgamate with a wholly owned subsidiary of the Issuer, BC0999855, and form a new company in exchange for 100% of the shares of NHS. Each common share of NHS will be exchanged for one (1) common share of the Issuer. The Issuer's subsidiary will complete the amalgamation with NHS to form Amalco as a wholly-owned subsidiary of the Issuer. An estimate of 33,159,424 common shares of the Issuer will be issued to shareholders of NHS to complete the acquisition. The Issuer is in the process of applying for listing on the Canadian Securities Exchange and has completed a non-brokered private placement to raise approximately \$125,500 at \$0.10 per common share for a total issuance of 1,255,000 common shares concurrent with listing. NHS currently has 33,159,424 common shares issued and outstanding.



The Issuer will adopt the year end of NHS, which is December 31, after completing the Amalgamation with NHS.

### ***NHS' Business History***

NHS was incorporated on May 4, 2001 under the name “0627073 B.C. Ltd.” Since 2001, the company has operated numerous ventures that have been brought to completion and/or sold to other parties. The company’s projects have been real estate-based and operated since 2007.

As farmers struggle to find ways to increase farm income, interest in “adding value” to raw agricultural products has grown tremendously. The value of farm products can be increased in endless ways: by cleaning and cooling, packaging, processing, distributing, cooking, combining, churning, culturing, grinding, hulling, extracting, drying, smoking, handcrafting, spinning, weaving, labeling, or packaging. Besides offering a higher return, value-added products can open new markets, create recognition for a farm, expand the market season, and make a positive contribution to the community. NHS’s current facilities are capable of growing 2.4 million 4” potted plants in a twelve-month period. Its future focus will not only be on added value for the grown plants but to the added value of reduced or eliminated energy costs and carbon neutral operating processes.

One avenue often forgotten in adding value is in improved operating methods and reduction of waste and in alternate energy sources. NHS Industries is in the process of formulating innovative proposals for small-scale agricultural facilities. Its current site is owned and has been operational since 2007 and is exploring multiple avenues for cash flow processes. The company intends to become a beta site for sustainable growing capabilities as well as minimizing all carbon footprints with respect to all onsite operations.

NHS, through New Age, will expand to utilize its greenhouse facility to grow plants and will build and operate a state-of-the-art warehouse / processing facility. Accordingly, NHS’s financial success may be dependent upon the extent to which it can develop its business objectives and the economic viability of commercializing any such facilities and additional opportunities.



### 6.3 Selected Annual Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Issuer's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning financial instruments.

	February 28, 2014	Year ended August 31, 2013	August 31, 2012
Total Revenue	\$ --	\$ --	\$ --
Interest income	--	--	--
Expenses	--	--	--
Net loss	--	--	--
Total assets	100	--	--
Total long-term liabilities	--	--	--
Net loss per share (basic and diluted)	--	--	--

### 6.4 Variations

As the Issuer does not have any operating history, there are no variations to discuss.

### 6.5 Results of Operations

As at February 28, 2014, the Issuer has not yet completed the proposed three-cornered amalgamation with NHS and remains as a wholly owned subsidiary of Five Nines. The Issuer has been actively assisting NHS in raising funds to qualify for its listing on the CSE and will further assist NHS in future financing to support the building of the warehouse / processing facility. As of the date of this discussion, the Issuer had 2,433,667 common shares issued and outstanding.

During the period ended February 28, 2014, the Issuer had not incurred any expenditures as it had not yet been pushed out from Five Nines.

### 6.6 Summary of Quarterly Results

The following table summarized the results of operations for the four recent quarters.



	Three months ended			
	February 28 2014	November 30 2013	August 31 2013	May 30 2013
Total Revenue	\$ --	\$ --	\$ --	\$ --
Interest income	--	--	--	--
Expenses	--	--	--	--
Net loss	--	--	--	--
Net loss per share and diluted loss per share	--	--	--	--

## 6.7 Liquidity

(a) The Issuer is a startup agriculture-based company and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Issuer will be able to do so.

(b) After amalgamating with NHS and listing its common shares for trading on CSE, the Issuer needs to raise a further \$3,000,000 to build and construct the warehouse / processing facility in order to complete its proposed business plan.

(c) Other than as set forth herein, there are no expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties.

(d) The Issuer does not currently have any liquidity risks associated with financial instruments.

(e) The Issuer is expected to have a working capital deficiency if it does not complete the proposed financing. The Issuer expects to meet its liquidity needs through additional equity or debt financing(s).

(f) There are no balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity.

(g) The Issuer currently has one wholly owned subsidiary, BC0998955.

(h) There are currently no defaults or arrears by the Issuer on:

(i) dividend payments, lease payments, interest or principal payment on debt;

i. debt covenants; and

ii. redemption or retraction or sinking fund payments.



## **6.8 Capital Resources**

There are no known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of such resources.

Subsequent to the period ended February 28, 2014, the Issuer entered into a definitive acquisition and amalgamation agreement with NHS. The Issuer intends to acquire all of the issued and outstanding securities in the capital of NHS pursuant to a “three-cornered” amalgamation under the *Business Corporations Act (British Columbia)* pursuant to which a newly incorporated wholly-owned subsidiary of the Issuer, BC0998955, will merge with NHS.

## **6.9 Off Balance Sheet Arrangements**

As at February 28, 2014, the Issuer had no off-balance sheet arrangements.

## **6.10 Transactions with Related Parties**

As at February 28, 2014, the Issuer had a subscription receivable of \$100 to be received from Five Nines. During the period ended February 28, 2014, the Issuer accrued \$Nil of consulting fees to Five Nines.

The transactions described above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

## **6.11 Fourth Quarter**

There are no fourth quarter results to report.

## **6.12 Proposed Transactions**

Except for the transformation of its business plan into a strategic plan and a tactical plan, the Issuer does not have any proposed transactions to discuss at this time.

## **6.13 Accounting Policies**

### *(a) Significant accounting judgments and estimates*

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates 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 judgments and estimates. The unaudited condensed interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the unaudited condensed interim financial statements are discussed in Notes to the unaudited condensed interim financial statements as of February 28, 2014 in paragraphs 3d), 3e), 3f), 3i) and 3(j).

(b) *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at February 28, 2014, there is \$Nil included as cash equivalents.

(c) *Shared-based payments*

The fair value of any options granted is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of stock options expected to vest.

(d) *Deferred income taxes*

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Issuer does not consider it more likely than not that a



deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(e) *Financial instruments*

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Issuer recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

*Financial instruments at fair value through profit or loss (FVTPL)*

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

*Available-for-sale financial assets*

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.





### *Financial liabilities*

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Issuer's accounts payable and accrued liabilities are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Issuer's obligations are discharged, cancelled or they expire.

The Issuer has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
Subscription receivable	Loans receivable
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (f) *Impairment*

##### i) Non-financial assets

The carrying amounts of the Issuer's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any



indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).



(g) *Comprehensive income (loss)*

Comprehensive income (loss) is the change in the Issuer's net assets that results from transactions, events and circumstances from sources other than the Issuer's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Issuer has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

(h) *Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(i) *Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those



cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(j) *Accounting standards, interpretations and amendments to existing standards that are not yet effective*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after August 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Issuer and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Issuer.

The IASB has issued IFRS 9 - Financial Instruments (“IFRS 9”) which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Issuer will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption.

The IASB issued IFRIC 21 - Levies (“IFRIC 21”), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event (“obligating event”) described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Issuer is currently evaluating the impact of the adoption of this interpretation on its financial statements.

The IASB issued amendments to IAS 36 - Impairment of Assets (“amendments to IAS 36”). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed.



The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Issuer is currently evaluating the impact of the adoption of this standard on its financial statements.

(k) *Segment reporting*

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Issuer, which are subject to risks and rewards that are different from those of other segments. The Issuer considers its primary reporting format to be business segments. The Issuer considers that it has only one reportable segment, development of the agriculture based business in Langley of British Columbia.

#### **6.14 Financial Instruments**

See Financial Instruments under Item 6.13, above.

○ *Interim MD&A*

#### **6.15 Date**

The following information is as at April 30, 2014

#### **6.16 Updated Disclosure**

The Issuer completed the Plan of Arrangement and issued 2,433,667 common shares in exchange for \$5,000 cash and the NHS Letter of Intent. Such shares were distributed to shareholders of Five Nines as of record date of December 31, 2013.

On April 30, 2014, the Issuer entered into a definitive acquisition and amalgamation agreement with NHS. The Issuer intends to acquire all of the issued and outstanding securities in the capital of NHS pursuant to a "three-cornered" amalgamation under the *Business Corporations Act (British Columbia)*, pursuant to which a newly incorporated wholly owned subsidiary of the Issuer, 0998955 B.C. Ltd., will amalgamate with NHS and will continue its business under the name "NHS Industries Ltd." The amalgamated NHS will continue to be a wholly owned subsidiary of the Issuer. As at the reporting date of this discussion, NHS has 33,159,424 common shares issued and outstanding. Each shareholder of NHS will receive one (1) common share of the Issuer for each NHS common share held by the shareholder.



### 6.17 Disclosure for Issuers without Significant Revenue

The Issuer completed the Plan of Arrangement and issued 2,433,667 common shares in exchange for \$5,000 cash and the NHS Letter of Intent. Such shares were distributed to shareholders of Five Nines as of the record date of December 31, 2013.

### 6.18 Description of Securities

**Authorized:** unlimited number of common shares without par value

#### **Issued and Outstanding:**

	<b>Number of Shares</b>	<b>Amount (\$)</b>
Common shares issued for cash	100	100
<b>Balance as at February 28, 2014</b>	<b>100</b>	<b>100</b>

As at date of this discussion, the Issuer has 2,433,667 common shares outstanding.

### 6.19 Breakdown of Costs and Expenses

The Issuer did not incur any expenses during the period ended February 28, 2014.

### 6.20 Negative Cash-flow

The Issuer anticipates that the funds raised in connection with the non-brokered private placement will provide sufficient operating funds for the first year of operations. The Issuer will need to raise additional funds to implement its development plans.

### 6.21 Additional Disclosure for Issuers with significant equity investee

This does not apply to the Issuer.

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## **Item 7      Market for Securities**

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The Issuer has applied for listing of its common shares on the Canadian Securities Exchange. They are currently not listed on any stock exchange.



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## **Item 8**      **Consolidated Capitalization**

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As of the date of this Listing Statement, there are 36,848,091 issued and outstanding common shares of the Issuer. The outstanding share capital of the Issuer is summarized in the table below:

<b>Designation of security</b>	<b>Authorized</b>	<b>Outstanding as at August 1, 2014</b>
<b>Common Shares</b>	Unlimited	36,848,091
<b>Total outstanding shares fully diluted</b>		<b>36,848,091</b>

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## **Item 9**      **Options to Purchase Securities**

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The Issuer has adopted an incentive stock option plan (the “Stock Option Plan”) which provides that the Board of Directors of the Issuer may from time to time, in its discretion, and in accordance with the applicable stock exchange’s requirements, grant to directors, officers, employees and consultants to the Issuer, non-transferable options to purchase common shares. Pursuant to the Stock Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Issuer. Options granted under the Stock Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As of the date of this Listing Statement, no option was granted or outstanding.

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## **Item 10**      **Description of the Securities**

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### **10.1**      **General**

The Issuer has only one class of securities: common shares.



### ***Voting Rights***

Holders of the common shares are entitled to receive notice of and to attend any meetings of the Issuer and are entitled to one vote for each common share held, except at meetings at which only holders of a specified class of shares are entitled to vote.

### ***Dividend Rights***

Holders of the common shares may be entitled to a dividend from time to time as determined by the directors.

### ***Rights upon Dissolution or Winding-up***

In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or any other distribution of the assets of the Issuer among its members for the purpose of winding up its affairs, the holders of the common shares will be entitled to receive the remaining property of the Issuer.

#### **10.2 Debt Securities**

This section does not apply to the Issuer. No debt securities are being listed.

#### **10.3 Miscellaneous**

This section does not apply to the Issuer.

#### **10.4 Other Securities**

This section does not apply to the Issuer.

#### **10.5 Modification of Terms**

Subject to the *Business Corporations Act (British Columbia)*, the Issuer may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued, provided that a right or special right attached to any issued shares must not be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to





which the right or special rights is attached consent by a separate special resolution of those shareholders.

### 10.6 Other Attributes

This section does not apply to the Issuer.

### 10.7 Prior Sales

The fully diluted share capital of New Age after completion of the Arrangement and the Amalgamation is set out below:

**Table 15 Fully Diluted Share Capital**

<b>Fully Diluted Share Capital</b>			
	<b>Number of Shares</b>	<b>Price \$</b>	<b>Percentage of Total</b>
Shares issued on incorporation	100	100	
Cancellation of incorporator's shares	(100)	(100)	
New Age Shares issued in exchange for the letter of intent with NHS Industries Ltd. plus \$5,000 cash, which shares will be distributed to the Five Nines Shareholders	2,433,667	-	6.62%
NHS common shares outstanding as of March 31, 2014	26,159,424	0.03	71.00%
NHS shares for debt settlement	1,000,000	0.03	2.71%
NHS shares to settle debts	6,000,000	0.10	16.28%
Private Placement raised \$125,500 prior to the Amalgamation	1,255,000	0.10	3.39%
Total number of NHS shares prior to amalgamation with New Age	(34,414,424)	-	(93.38%)
New Age shares issued to effect amalgamation at a deemed price of \$0.03	34,414,424	0.10	93.38%
<b>TOTAL</b>	<b>36,848,091</b>		<b>100%</b>

### 10.8 Stock Exchange Price

This section does not apply to the Issuer.



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**Item 11 Escrowed Securities**

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As part of its listing application to the CSE, the Issuer will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of the Issuer, including all of the proposed directors, officers and consultants of the Issuer, whereby all securities of the Issuer, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of the Issuer, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the CSE from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Issuer's shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the CSE.

The following table sets out the number of securities proposed to be placed in escrow pursuant to the proposed escrow agreement among the Issuer, its registrar and transfer agent, and certain shareholders of the Issuer:

<b>Prior to Giving Effect to the Transaction</b>	<b>After Giving Effect to the Transaction</b>	<b>Name and Municipality of Residence of Security holder</b>	<b>Designation of Class</b>	<b>Number of Securities to Be Held in Escrow</b>	<b>Percentage of Class</b>
20,022,864	20,022,864	Carman Parente, Vancouver, BC	Common	20,022,864	54.35%



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**Item 12**    *Principal Securityholders*

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To the knowledge of the directors and executive officers of the Issuer, the following person or company will hold, directly or indirectly, or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued New Age shares as off the date of listing:

<b>Name of persons</b>	<b>Number of shares held</b>	<b>Percentage of shares held</b>
Carman Parente <sup>(1)</sup>	20,022,864	54.35%

<sup>(1)</sup> 18,520,942 shares were held through 567147 B.C. Ltd, a company controlled by Carman Parente.

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**Item 13**    *Directors and Executive Officers*

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**13.1 to 13.3**    **Directors and Officers**

The following table sets out the names and municipalities of residence of those persons who are the directors, officers and promoters of the Issuer, the positions and offices they hold with the Issuer, their principal occupations within the five preceding years, and the number of New Age shares which will be beneficially held by each of them upon the completion of the Arrangement.

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**Table 16 Directors and Officers**

Name, Position & Residency	Principal Occupation or Employment During the Past 5 Years	Date appointed Director or Officer of the Issuer	Number of Securities Beneficially Owned or over which Control or Direction is Exercised
<b>CARMEN PARENTE<sup>1,2</sup></b> <i>President, CEO and Director</i> North Vancouver, BC	See Section 13.10 – Management	September 27, 2013 (since incorporation)	20,022,864
<b>ANTHONY CHAN, CA</b> <i>CFO and Director</i> Vancouver, BC	See Section 13.10 – Management	April 18, 2014	nil
<b>PETER JENSEN, LLB, BCL, B.Sc.</b> <i>Director</i> North Vancouver, BC	<p>Mr. Jensen is a graduate of McGill University where he earned a dual law degree in common and civil law and a bachelor of science degree in the field of marine biology and ecology.</p> <p>In 1981, Mr. Jensen commenced the practice of law in the corporate and securities fields in British Columbia. Mr. Jensen has a wide range of legal counseling experience internationally. Mr. Jensen has an understanding of the particular nature of the challenges facing corporate management as he has been and is a director of a number of private and publicly traded companies, has been a board member of companies with capitalization in the hundreds of millions and has assisted in the raising of capital in ranges of up to one hundred million dollars in Canada, the United States, Europe, and Asia. In addition to continuing an active legal practice, Mr. Jensen is also presently Chairman of Replifel Life Sciences, a cell replication company which recently struck an agreement with Shiseido of Japan to license Shiseido with Replifel’s leading edge cell replication technology.</p> <p>Mr. Jensen also conducted diabetes research at the Royal Victoria Hospital (Montreal), was a director of a community medical clinic for three years and ran the McGill legal clinic for two years.</p>	April 18, 2014	500,000



## **NOTES:**

**Note 1:** In June 2008, Mr. Parente joined the board of directors and management team of Carbon Products Industries Inc. (“CPI”), a company registered in the State of Nevada that trades on the Over the Counter (“OTC”) markets in the United States. CPI is a reporting issuer under British Columbia securities legislation. Mr. Parente was engaged with the mandate to assist that company with an audit and balance sheet cleanup with the ultimate goal being the funding and setup of operations to build CPI into a viable operation. Fernandez Young LLP was engaged to initiate the audit and prepare business models. Unfortunately, this attempt was unsuccessful due to the discovery that the issues were more serious than originally expected, coupled with the 2008 economic downturn that completely hampered CPI’s ability to raise funds. Mr. Parente did not sell any shares of CPI during this process. On August 18, 2009, the BCSC cease traded CPI for failure to file certain records required under NI 51-102. Such cease trade is still in effect as of the date of this Listing Statement. Mr. Parente has continued to try to remedy the cease trade order, including contacting Fernandez Young LLP in January 2011 to reattempt the corporate reorganization of CPI and entered discussions with the law firm of Randolph Linehan & Associates of Rancho Mirage, CA, to represent CPI. During this time he attempted unsuccessfully to obtain CPI’s historic tax records from the U.S. Internal Revenue Services. As of the date of this Listing Statement, CPI remains cease traded by the BCSC and legal assistance has been sought regarding a potential dissolution of CPI. Mr. Parente resigned from CPI in November 2013.

**Note 2:** NT Mining Corporation (“NT”) is a company registered in the State of Nevada that trades on the OTC market in the United States. NT is a reporting issuer under British Columbia securities legislation. At the time Mr. Parente joined the board of directors of NT, it had already been cease traded by the BCSC; such cease trade order having been issued on August 18, 2009. After joining NT, Mr. Parente was successful in obtaining a full revocation of such cease trade order on December 27, 2012. Mr. Parente resigned from NT in November 2013.



#### **13.4 Committees of the Board**

The Audit Committee is comprised of Carman Parente, Anthony Chan and Peter Jensen. Given the current stage of development of the Issuer and the size of the Board of Directors, no other committees have been established.

#### **13.5 Director and Officer Occupations**

See the information under Sections 13.1 and 13.10 for a description of the directors' and officers' occupations.

#### **13.6 Corporate Cease Trade Orders and Bankruptcies**

Other than as described herein, no director, officer, promoter or other member of management of the Issuer is, or within the ten years prior to the date of this Listing Statement has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, was declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or had a receiver manager or trustee appointed to hold the assets of that director, officer or promoter.

#### **13.7 Penalties and Sanctions**

No director, officer, promoter or other member of management of New Age has, during the ten years prior to the date of this Listing Statement, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

#### **13.8 Personal Bankruptcies**

No director, officer, promoter or other member of management of New Age has, during the ten years prior to the date of this Listing Statement, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.



### **13.9 Other Bankruptcies**

This section does not apply to the Issuer.

### **13.10 Conflicts of Interest**

The directors of New Age are required by law to act honestly and in good faith with a view to the best interest of New Age and to disclose any interests that they may have in any project or opportunity of New Age. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether New Age will participate in any project or opportunity, that director will primarily consider the degree of risk to which New Age may be exposed and its financial position at that time.

Except as disclosed in this Listing Statement, to the best of the Issuer's knowledge, there are no known existing or potential conflicts of interest among New Age and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### **13.11 Management**

The management team of the Issuer is comprised of the President and CEO, Carman Parente and the CFO, Anthony Chan. Both Mr. Parente and Mr. Chan also serve as directors of the Issuer.

#### ***Carman Parente, (age 61), President and Chief Executive Officer:***

Mr. Parente will be responsible for ongoing business development and acquisitions, as well as management of the overall operations of the Issuer. Mr. Parente will devote a majority of his time to the affairs of the Issuer. In 2005, Mr. Parente founded and became President of Natural Health Solutions Inc., a private company that manufactures and distributes natural health supplements and nutraceuticals across Canada, in addition to his role as a managing partner in another active food processing venture. In 2007, Mr. Parente founded and became the President of NHS Industries Inc., now a fully owned subsidiary of the Issuer, a private company that owns



a five-and-one-half acre greenhouse growing facility. From 2011 to 2013, Mr. Parente was President and Director of Five Nines Ventures Ltd., a publicly traded mining company listed on the CSE. In December 2013, Mr. Parente stepped down as President and assumed the CFO role in Five Nines to devote more attention to the Issuer. Mr. Parente has not entered into a non-competition or employment agreement with the Issuer.

***Anthony Chan, (age 49), Chief Financial Officer:***

Mr. Chan is a chartered accountant and has been the principal of his own chartered accountancy firm since 2004, providing audit services and financial consulting services to companies listed on the CSE and TSX Venture Exchange. Mr. Chan will devote such time as is required to properly manage the affairs of the Issuer. He will be an independent contractor; as at the date of this Listing Statement Mr. Chan and the Issuer have not entered into any contractual arrangements nor has Mr. Chan signed a non-disclosure or a non-compete agreement with the Issuer.

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**Item 14 Capitalization**

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**Table 17 Total Tradeable Float**

<b>Issued Capital</b>	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of issued (non-diluted)</b>	<b>% of issued (fully-diluted)</b>
<b><u>Public Float</u></b>				
Total Outstanding (A)	36,848,091	36,848,091	100%	100%
Held by Related Persons or employees 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 (B)	20,522,864	20,522,864	55.70%	55.70%
<b>Total Public Float (A-B)</b>	<b>16,325,227</b>	<b>16,325,227</b>	<b>44.30%</b>	<b>44.30%</b>
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholders agreement and securities held by control block holders (C)	20,522,864	20,522,864	55.70%	55.70%
<b>Total Tradeable Float (A-C)</b>	<b>16,325,227</b>	<b>16,325,227</b>	<b>44.30%</b>	<b>44.30%</b>



### Table 18 Registered Public Securityholders

Public securityholders are those securityholders who are not considered related parties. Therefore, Table 18 does not include those shares included identified as (B) Held by Related Persons noted above in Table 17 Total Tradeable Float.

<b>Registered Public Securityholders</b>		
<b>CLASS OF SECURITY</b>		
<b>Size of Holding</b>	<b>Number of holders</b>	<b>Total number of securities</b>
1 - 99 securities	0	0
100 - 499 securities	0	0
500 - 999 securities	0	0
1000 - 1999 securities	32	33,000
2000 - 2999 securities	0	0
3000 - 3999 securities	0	0
4000 - 4999 securities	0	0
5000 or more securities	41	15,374,227
<b>TOTALS</b>	<b>68</b>	<b>15,407,227</b>

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## Table 19 Beneficial Public Securityholders

Beneficial public securityholders are those shareholders who own their shares in their own name or through an intermediary.

Table 19 does not include those shares included identified as (B) Held by Related Persons noted above in Table 17 Total Tradeable Float.

<b>Beneficial Public Securityholders</b>		
<b>CLASS OF SECURITY</b>		
<b>Size of Holding</b>	<b>Number of holders</b>	<b>Total number of securities</b>
1 - 99 securities	6	300
100 - 499 securities	8	1,000
500 - 999 securities	46	24,100
1000 - 1999 securities	46	48,300
2000 - 2999 securities	4	8,500
3000 - 3999 securities	2	6,000
4000 - 4999 securities	2	8,100
5000 or more securities	72	15,953,027
UNABLE TO CONFIRM		275,900
	<b>181</b>	<b>16,325,227</b>

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## Table 20 Non-Public Registered Securityholders

This table includes those shareholders identified in Table 17 as (B) Held by Related Persons.

Non-Public Registered Securityholders		
CLASS OF SECURITY		
<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 - 99 securities	0	0
100 - 599 securities	0	0
500 - 999 securities	0	0
1000 - 1999 securities	0	0
2000 - 2999 securities	0	0
3000 - 3999 securities	0	0
4000 - 4999 securities	0	0
5000 or more securities	3	20,522,864
<b>TOTALS</b>	<b>3</b>	<b>20,522,864</b>

### 14.2 Convertible Securities

This does not apply to the Issuer.

### 14.3 Other Securities

This does not apply to the Issuer.



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## **Item 15**     **Executive Compensation**

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### **Named Executive Officers**

As defined under applicable securities legislation, the Issuer had two "Named Executive Officers" as of the date of this Listing Statement as set out below:

**Carman Parente**     President and Chief Executive Officer from September 27, 2013 (incorporation) to present

**Anthony Chan**     Chief Financial Officer appointed April 18, 2014

### **Compensation Discussion and Analysis**

#### **o Goals and Objectives**

Given the Issuer's current size and stage of development, the board of directors of the Issuer (the "Board") has not appointed a compensation committee; the Board as a whole will be responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Issuer's executive officers and directors going forward and will ensure that compensation arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting with respect to their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation.

The Board will review, on an annual basis, the corporate goals and objectives relevant to executive compensation, evaluate each executive officer's performance in light of those goals and objectives and set the executive officer's compensation level based, in part, on this evaluation. The Board will take into consideration the Issuer's overall performance, shareholder returns, and the awards given to executive officers in past years. The Board will also consider incentive awards granted to executive officers at comparable companies, however, as of the date of this Listing Statement, no specific companies or selection criteria for the establishment of a benchmark group have been identified by the Board.

The Board's compensation philosophy is aimed at attracting and retaining quality and experienced people who are critical to the success of the Issuer and will include a "pay-for-



performance” element which supports the Issuer’s commitment to delivering strong performance for the shareholders.

- ***Executive Compensation Program***

Generally speaking, executive compensation will be comprised of three elements: base fees or salary, short-term incentive compensation (discretionary cash bonuses) and long-term incentive compensation (stock options). The Board reviews all three components in assessing the compensation of individual executive officers and of the Issuer as a whole.

Base fees or salaries and bonuses (discretionary) are intended to provide current compensation and a short-term incentive for executive officers to meet the Issuer’s goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers. Executive officers are also eligible to receive discretionary bonuses as determined by the Board based on each officer’s responsibilities, his achievement of individual and corporate objectives and the Issuer’s financial performance. Cash bonuses will be intended to reward the executive officers for meeting or exceeding the individual and corporate performance objectives set by the Board.

Stock options are an important part of the Issuer’s long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Issuer’s shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance, as measured through the price of the Issuer’s shares and enables executives to acquire and maintain a significant ownership position in the Issuer.

- ***Option Based Awards***

Executive officers of the Issuer, as well as directors, employees and consultants, are eligible to participate in the Issuer’s Stock Option Plan to receive grants of stock options (see also page 54). Individual stock options will be granted by the Board as a whole and the size of the option grant will be dependent on, among other things, each officer’s level of responsibility, authority and importance to the Issuer and the degree to which an officer’s long-term contribution to the Issuer will be crucial to its long-term success.



Stock options will normally be granted by the Board when an executive officer first joins the Issuer based on his or her level of responsibility within the Issuer. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Issuer. The Board will also evaluate the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants. The Issuer anticipates that these options will be priced at the closing trading price of the Issuer's shares on the business day immediately preceding the date of grant and will expire two to five years from the date of grant. As of the date of this Listing Statement, no incentive stock options or stock-based compensation has been granted to any executive officers or directors.

o **Summary Compensation Table**

The following table shows that there has only been one executive officer since incorporation, namely the CEO, and that he has not received compensation in any form to date.

Name and principal position	Year <sup>1</sup>	Salary	Share based Awards	Option Based Awards <sup>2</sup>	Non-equity incentive plan compensation		Pension Value	All other Compensation (\$) <sup>3</sup>	Total Compensation
					Annual Incentive Plans	Long-Term Incentive Plans			
Carmen Parente <i>President and CEO</i> <sup>4</sup>	2014	nil	nil	Nil	nil	nil	nil	nil	nil
	2013	nil	nil	nil	nil	nil	nil	nil	Nil
Anthony Chan, CA <i>CFO</i> <sup>5</sup>	2014	nil	nil	Nil	nil	nil	nil	30,000 <sup>6</sup>	30,000
	2013	nil	nil	nil	nil	nil	nil	nil	Nil

<sup>1</sup> The Issuer's first year end was February 28, 2014. Following completion of the Plan of Arrangement, the Issuer adopted the same year end as its subsidiary, NHS Industries Ltd., which is December 31.

<sup>2</sup> Refers to options granted under New Age's Stock Option Plan. As of the date of this Listing Statement, no stock options have been granted under the plan.

<sup>3</sup> The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total compensation during each of the three most recently completed fiscal years ended.

<sup>4</sup> Carmen Parente was appointed President and CEO of the Issuer at incorporation, September 27, 2013. He has not received any compensation from the Issuer since inception, nor in the current fiscal year and does not have any executive compensation arrangements in place with the Issuer.

<sup>5</sup> Mr. Chan was appointed CFO of the Issuer on April 18, 2014, after the end of the last fiscal year. He has not received any compensation from the Issuer in the current fiscal year and does not have any executive compensation arrangements in place with the Issuer.

<sup>6</sup> Prior to his appointment as CFO, Mr. Chan's firm was the Issuer's auditor. His firm resigned as auditor prior to his appointment as a director and officer. His firm received \$30,000 in compensation for its services as auditor.



## ***Incentive Plan Awards***

### *Outstanding Share-Based Awards and Option-Based Awards*

The Issuer's Named Executive Officers have not received any share or option based awards up to and including the date of this Listing Statement.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The Issuer's Named Executive Officers have not received any share or option based awards up to and including the date of this Listing Statement.

#### ○ ***Pension Plan Benefits***

The Issuer does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

#### ○ ***Termination and Change of Control Benefits***

The Issuer has not entered into any compensatory plans, contracts or arrangements with any of its Named Executive Officers whereby such officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the Named Executive Officer with the Issuer or from a change in control of the Issuer or a change in the Named Executive Officer's responsibilities following a change in control.

#### ○ ***Compensation of Directors***

To date, the Issuer has not adopted a policy of paying its non-executive directors any fees for their service as directors other than the reimbursement of expenses incurred as directors. Directors are also eligible to participate in the Issuer's Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants will be determined by an assessment of each individual director's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Issuer.





○ **Director Compensation Table**

As noted above, no compensation has been paid to any of the Issuer’s directors.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Peter Jensen <sup>1</sup> <i>Director</i>	Nil	Nil	Nil	nil	15,000 <sup>2</sup>	15,000
<b>TOTAL</b>						

**Notes**

1. Appointed to the Board on April 18, 2014.
2. Prior to becoming a director of the Issuer, Mr. Jensen invoiced the Issuer for consulting services performed on or before March 31, 2014.

○ **Share-based awards, option-based awards and non-equity incentive plan compensation**

*Outstanding Share-Based Awards and Option-Based Awards*

The Issuer’s directors have not received any share or option based awards up to and including the date of this Listing Statement.

Name	Option-based Awards <sup>1</sup>				Share-based Awards <sup>2</sup>	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money-options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Peter Jensen <i>Director</i>	Nil	N/A	N/A	N/A	N/A	N/A

**Notes**

1. The Issuer has not granted any option-based awards.
2. The Issuer has not granted any share-based awards.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The Issuer’s directors have not received any share or option based awards up to and including the date of this Listing Statement.



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## ***Item 16 Indebtedness of Directors and Executive Officers***

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No individual who is, or at any time from the date of incorporation to the date hereof, was a director or executive officer of New Age, or an associate or affiliate of such an individual, is or has been indebted to the Issuer.

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## ***Item 17 Risk Factors***

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The Issuer's securities are speculative and investment in the Issuer's securities involves a high degree of risk and the possibility that the investor will suffer the loss of the entire amount invested. Our business is subject to risks inherent in the establishment of a new business enterprise, such as limited historical financial information, limited capital resources and the ability to raise additional funds when required.

Under Canadian law, agriculture is a shared responsibility between the federal and provincial governments. Policy regarding agricultural products is a provincial responsibility, while inter-provincial marketing of the same goods is a federal responsibility. This encourages cooperation and collaboration among all the parties which has resulted in a business-risk management approach. Regulators become involved in risk mitigation when there is a problem (Antón, Kimura, & Martini, 2011).

In addition, some risks are unique to agribusiness, such as the risk of bad weather that can significantly reduce yields in a given year. Other risks, such as price or regulatory restrictions are common to all businesses. These risks are discussed below.

### ***New Enterprise***

As a new enterprise, the Issuer has not yet established an operating history, revenue stream, client base, or developed market awareness. New Age needs to be aware of the inherent risk that its survival is not guaranteed. According to Industry Canada, survival rates for small and medium-sized enterprises in Canada decline with time: about 96 percent of small businesses (1–99 employees) that enter the marketplace survive for one full year, 85 percent survive for three years and 70 percent survive for five years (Industry Canada, 2013). Should the Issuer not be able to



achieve profitability or at least demonstrate increasing revenue generation in a reasonable period of time, the liquidity of its stock will be impacted and investors may not realize any gains on their investment or may even lose their entire investment.

### *Reliance on Management*

As a small business, New Age will rely heavily on management's expertise and knowledge. While the New Age leadership team brings demonstrable experience in related sectors such as nutraceuticals and food processing, as well as in navigating the regulatory requirements of public company management, this experience represents a risk because all the knowledge and expertise is concentrated in this small team.

New Age's client participatory agribusiness model is a new venture for all the members of the leadership team, so there are risks associated with the learning by doing approach; the board of directors and management must constantly assess the changing or evolving nature of the business to continually innovate and learn from experience. Failure to do so could have a material adverse effect on the business.

Disruptive changes may result from events in the lives of the leadership team such as death, injury, or illness. It is also possible that individuals may develop new objectives or interests and wish to move on to such new interests. Any one of these factors may affect long-term performance of the Issuer.

### *Financing Risk*

The cost of developing the Facility and keeping it going will require significant financial investment which creates financial risk. There is no guarantee that the Issuer will be able to raise the required funds on commercially reasonable terms to finance the operations when needed, either through equity or debt financing.

If the Issuer accesses funds through equity financing, the issuance of additional securities may result in the dilution of the equity interests of existing shareholders.

If the Issuer accesses funds through debt financing, it may face fluctuations in interest rates on borrowed capital, or face cash flow difficulties if there are insufficient funds to repay creditors. A share of the returns from the business must be allocated to meeting debt payments. Plus, loan



agreements may contain restrictive covenants, which may impact operating flexibility or set out consequences in the event of default under certain circumstances such as failure to make payments or meet other financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and the lender might have the right to acquire the Issuer's assets. This could seriously impact the Issuer's business, operating results or financial condition.

### ***Business Obstacles***

The Issuer's plans are capital intensive and may be subject to statutory or regulatory requirements. Management believes that the planned, value-added, agri-food Facility is achievable in light of the current economic conditions, regulatory environment, and with the available skills, background and expertise present in the Issuer's team members. However, if the Issuer is unable to raise adequate funds to acquire the assets and build the infrastructure it needs to conduct its planned agri-food activities, or cannot generate enough revenue or raise enough capital to sustain business operations; or encounters significant contracting or asset risk, management may have to modify or abandon its plans. Contracting risk involves opportunistic behaviour and the reliability of contracting partners and asset risk may involve the theft, fire, or other loss or damage to equipment, buildings, and crops (Harwood, Heifner, Coble, Perry, & Somwaru, 1999).

### ***Customer Base & Market Acceptance***

The Issuer needs to develop a strong customer base through the marketing and promotion of its facilities; the inability of the Issuer to further develop such a customer base could have a material adverse effect on the Issuer. Although the Issuer believes that its collaborative, value-added, agri-food production model will offer advantages to small-scale producers, it is a relatively new model and its unique nature may present a risk as potential clients must first be educated with respect to the model before they can adopt it. The Issuer must in effect create the market for its business before it can attract clients. There can be no assurance that the business model will gain sustained market acceptance or that it will generate sufficient revenues to become profitable.

### ***Production Risk***

Production or yield risk in agriculture is affected by many uncontrollable events and factors often related to weather, including amount of rainfall, temperature fluctuations, hail, insects, diseases, and changes in technology. Crop farmers, particularly in Western Canada, face long-



term risks associated with global warming, changing weather patterns, and insect and disease ranges pushing north (Antón, Kimura, & Martini, 2011).

The typical New Age client will be a small-scale producer so there is potential for a client to decide against using the value-added services provided by New Age if yields fall below a certain threshold. Therefore, if a New Age client experiences low production in a given year, it may adversely affect New Age through reduced use of its Facility and sales of its services, causing a decline in revenues.

### *Market Preferences*

The Issuer's operating results may fluctuate significantly from period to period as a result of a variety of factors, including the seasonal nature of agribusiness, production variances, competitive pricing, terms on debt service and principal reduction payments, and general economic conditions. There is no assurance that the Issuer will be successful in marketing its business, or that the revenues from the sale of its services will be significant. Consequently, the Issuer's revenues may vary by quarter, and New Age's operating results may experience fluctuations.

### *Technological Risk*

Technological risk in agribusiness is sometimes included as a production risk, but it can be a significant source of uncertainty in its own right. Advances in technology have allowed Canadian producers to improve the consistency and quality of yields in the face of adverse conditions, but producers can do little to manage prices (Antón, Kimura, & Martini, 2011). However, there is risk associated with being an early adopter of new technologies that are not necessarily fully proven in the marketplace and which may end up being quickly replaced by something newer and better (Miller, Dobbins, Pritchett, Boehlje, & Ehmke, 2004). Technological advances are happening at such a rapid pace that, once adopted, may quickly become obsolete, making the cost of adopting and implementing such advances an ongoing risk factor. Plus, the introduction of new crop varieties and production methods create potential for improved efficiency but can yield poor results in the short term as the new technology is taken up. However, waiting to adopt new technology can leave a producer behind its competitors when a new technology is widely adopted. The continued use of older machinery and technologies can lead to threats from obsolescence and inability to obtain parts or service (Harwood, Heifner, Coble, Perry, & Somwaru, 1999).



### ***Regulatory Risk***

Changes in policies and regulations that affect agriculture can pose a risk to producers as these policies are unpredictable for farmers, and “can strongly influence the costs or returns from a farm operation” (Antón, Kimura, & Martini, 2011). Although the Issuer’s activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail operations. For example, changes to government rules may alter the cost of production such as new rules on the use of pesticides on crops. Other risks may arise from changes in policies such as restrictions in conservation practices or land use, or changes in income tax policy or credit policy. In a national survey conducted by the USDA, producers of nursery and greenhouse crops were relatively more concerned about changes in laws and regulations, than other producers, perhaps reflecting trepidation about changes in environmental and other policies (Harwood, Heifner, Coble, Perry, & Somwaru, 1999). In Canada, a survey of greenhouse growers indicated that “the sector faces high compliance costs, and that a mismatch in the fabric of regulatory enforcement... can have a catastrophic consequence for a producer” (Deloitte, 2009). The agribusiness sector faces strict environmental regulations designed to reduce risk that may require capital investment or changes in business practices to implement. Once in place, they may be modified as new research emerges or new circumstances arise creating another type of uncertainty that the Issuer will need to account for when making decisions.

In addition to the regulations surrounding agriculture, the Issuer will also be responsible for adhering to regulations related to the safe production of food products. Any breach in procedures that results in contaminated food reaching the marketplace could have a serious adverse effect on the Issuer’s business.

### ***Staffing Risk***

The Issuer, to be successful, will need to assemble a team of key personnel in addition to the management team. A number of factors with respect to staffing can have an adverse effect on the Issuer including the inability to attract and retain talent; the loss of key persons at critical points in the production cycle; shortages of qualified persons in the agri-food sector; lack of training; limited funds to pay salaries; forced shutdown due to lack of staff.



### ***Health and Safety Risks***

Agriculture is a dangerous occupation. While the Issuer's business is not a traditional farm, there are still risks associated with an agribusiness to be considered: greenhouse workers are more likely to be exposed to higher levels of plant material, plant pests and plant protection products than outdoor workers; the Facility will use heavy equipment and machinery that is inherently dangerous; staff and clients will be using industrial kitchen and processing equipment and will need to be properly trained to avoid safety risks.

### ***No History of Revenues or Dividends***

As a newly formed company, New Age has no history of earnings, and there is no assurance that the Facility, or any other future facility that may be built or acquired by New Age, will generate earnings, operate profitably or provide a return on investment in the future. New Age has no plans to pay dividends in the foreseeable future.

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### ***Item 18 Promoters***

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Carmen Parente, the Issuer's President, CEO and Director, is a Promoter of the Issuer.

Five Nines Ventures Inc., the original parent company of the Issuer, is a Promoter of the Issuer.

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### ***Item 19 Legal Proceedings and Regulatory Actions***

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This section does not apply to the Issuer.

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### ***Item 20 Interest of Management and Others in Material Transactions***

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This section does not apply to the Issuer.



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## ***Item 21 Auditors, Transfer Agents and Registrars***

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### ***Auditor:***

Adam Sung Kim Ltd.  
#1850 – 1066 West Hastings Street  
Vancouver, BC V6E 3X2

### ***Transfer Agent:***

Integral Transfer Agency  
100 Queen St East, Suite 203  
Toronto, ON M5C 1S6  
Phone: 416-623-8028  
Fax: 1-866-571-9615  
Info@integraltransfer.com

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## ***Item 22 Material Contracts***

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Letter of Intent  
Plan of Arrangement  
Arrangement Agreement  
Amalgamation Agreement  
Mortgage

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## ***Item 23 Interest of Experts***

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### **23.1 Interests of Experts**

To the best of our knowledge, the Issuer is not aware of any direct or indirect interest in the property of the Issuer by any expert associated with the Issuer.

### **23.2 Beneficial Ownership**

There is no beneficial ownership, either direct or indirect, by any person or company referred to in Section 23.1 of any securities of the Issuer or a related person of the Issuer.





### **23.3 Ownership of Less than One Percent**

Please refer to Section 13.1.

### **23.4 Experts Appointed as Directors, Officers and Employees**

To the best of our knowledge, this does not apply.

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## ***Item 24 Other Material Facts***

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To the best of the knowledge of New Age's directors and officers, there are no material facts about New Age and its securities that are not disclosed under the preceding items or in the management information circular of the Issuer dated November 4, 2013 (available on SEDAR) and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to New Age and its securities.

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## ***Item 25 Financial Statements***

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### **25.1 Audited Financial Statements**

The Audited Financial Statements of the Issuer are attached to this Listing Statement as Appendix G.

### **25.2 Financial Statements on Requalifying for Listing**

New Age is not requalifying for listing on the CSE.



CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, New Age Farm Inc. hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true, and plain disclosure of all material information relating New Age Farm Inc. 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 Vancouver this 1<sup>st</sup> day of August, 2014.

***“Carman Parente”***

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Carman Parente

President & Chief Executive Officer and  
Director

***“Anthony Chan”***

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Anthony Chan

Chief Financial Officer and Director

***“Peter Jensen”***

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Peter Jensen

Director



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**Appendix A**  
**The Arrangement Agreement**

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated as of the 7<sup>th</sup> day of October, 2013.

### AMONG:

**FIVE NINES VENTURES LTD.**, a corporation incorporated under the laws of the Province of British Columbia (“**FIV**”)

- and -

**CanPac Investments Corp.**, a corporation incorporated under the laws of the Province of British Columbia (“**CanPac**”)

- and -

**0981609 B.C. Ltd.**, a corporation incorporated under the laws of the Province of British Columbia (“**BC0981609**”)

- and -

**0981624 B.C. Ltd.**, a corporation incorporated under the laws of the Province of British Columbia (“**BC0981624**”)

- and -

**0981628 B.C. Ltd.**, a corporation incorporated under the laws of the Province of British Columbia (“**BC0981628**”)

(collectively, “the **Parties**”)

**WHEREAS** FIV has entered into letters of intent with Blackgate Asset Management Ltd., NHS Industries Ltd. and Norsemont Metals Ltd. and wishes to carry out the proposed transactions therein while concurrently retaining its interest in its mineral claims;

**AND WHEREAS** the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia) on the terms herein and in the Plan of Arrangement attached as Schedule A hereto;

**AND WHEREAS** the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **“Agreement”, “herein”, “hereof”, “hereto”, “hereunder”** and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) **“Applicable Laws”** means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) **“Arrangement”** means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) **“Arrangement Provisions”** means Part 9, Division 5 of the BCBCA;
- (e) **“Arrangement Resolution”** means the special resolution in respect to the Arrangement and other related matters to be considered at the FIV Meeting;
- (f) **“Articles of Arrangement”** means the articles of arrangement in respect of the Arrangement required under Subsection 294(3) of the BCBCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (g) **“Assets”** means the assets of FIV to be transferred to the FIV Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached hereto and forming part of this Agreement;
- (h) **“BC0981609”** means 0981609 B.C. Ltd., a private company incorporated under the BCBCA;
- (i) **“BC0981609 Option Plan Resolution”** means an ordinary resolution to be considered by the FIV Shareholders to approve the BC0981609 Option Plan, the full text of which is set out in Schedule “C” to this Arrangement Agreement;
- (j) **“BC0981609 Shareholder”** means a holder of BC0981609 Shares;
- (k) **“BC0981609 Shares”** means the common shares without par value in the authorized share structure of BC0981609, as constituted on the date of this Agreement;
- (l) **“BC0981624”** means 0981624 B.C. Ltd., a private company incorporated under the BCBCA;
- (m) **“BC0981624 Option Plan Resolution”** means an ordinary resolution to be considered by the FIV Shareholders to approve the BC0981624 Option Plan, the full text of which is set out in Schedule “D” to this Arrangement Agreement;
- (n) **“BC0981624 Shareholder”** means a holder of BC0981624 Shares;
- (o) **“BC0981624 Shares”** means the common shares without par value in the authorized share structure of BC0981624, as constituted on the date of this Agreement;
- (p) **“BC0981628”** means 0981628 B.C. Ltd., a private company incorporated under the BCBCA;
- (q) **“BC0981628 Option Plan Resolution”** means an ordinary resolution to be considered by the FIV Shareholders to approve the BC0981628 Option Plan, the full text of which is set out in Schedule “E” to this Arrangement Agreement;
- (r) **“BC0981628 Shareholder”** means a holder of BC0981628 Shares;

- (s) “**BC0981628 Shares**” means the common shares without par value in the authorized share structure of BC0981628, as constituted on the date of this Agreement;
- (t) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (u) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (v) “**CanPac**” means CanPac Investments Corp., a private company incorporated under the BCBCA;
- (w) “**CanPac Option Plan Resolution**” means an ordinary resolution to be considered by the FIV Shareholders to approve the CanPac Option Plan, the full text of which is set out in Schedule “F” to this Arrangement Agreement;
- (x) “**CanPac Shareholder**” means a holder of CanPac Shares;
- (y) “**CanPac Shares**” means the common shares without par value in the authorized share structure of CanPac, as constituted on the date of this Agreement;
- (z) “**CNSX**” means the Canadian National Stock Exchange;
- (aa) “**Court**” means the Supreme Court of British Columbia;
- (bb) “**Dissenting Shareholder**” means an FIV Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its FIV Shares in accordance with the Interim Order and the Plan of Arrangement;
- (cc) “**Dissenting Shares**” means the FIV Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (dd) “**Effective Date**” means the date the Arrangement becomes effective under the BCBCA;
- (ee) “**Exchange Factor**” means the number arrived at by dividing 169,091,680 by the number of issued FIV Shares as of the close of business on the Share Distribution Record Date;
- (ff) “**Final Order**” means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (gg) “**FIV Class A Shares**” means the renamed and re-designated FIV Shares as described in §3.1 of the Plan of Arrangement;
- (hh) “**FIV Class A Preferred Shares**” means the Class “A” preferred shares without par value which FIV will create and issue pursuant to §3.1 of the Plan of Arrangement;
- (ii) “**FIV Meeting**” means the special meeting of the FIV Shareholders to be held on [•], 2013, and any adjournment(s) or postponement(s) thereof;
- (jj) “**FIV Options**” means the outstanding stock options, whether or not vested, to acquire FIV Shares;
- (kk) “**FIV Shares**” means the common shares without par value in the authorized share capital of FIV, as constituted on the date of this Agreement;
- (ll) “**FIV Shareholders**” means the holders from time to time of FIV Shares;
- (mm) “**FIV Share Commitments**” means an obligation of FIV to issue New Shares and to deliver BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares to the holders of FIV Options and FIV Warrants which are outstanding on or before the

Effective Date, upon the exercise of such stock options and warrants on or before the Effective Date;

- (nn) “**FIV Subsidiaries**” means BC0981609, BC0981624, BC0981628, and CanPac;
- (oo) “**FIV Warrants**” means the common share purchase warrants of FIV outstanding on the Effective Date.
- (pp) “**IFRS**” means International Financial Reporting Standards;
- (qq) “**Information Circular**” means the management proxy circular of FIV to be sent by FIV to the FIV Shareholders in connection with the FIV Meeting;
- (rr) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of FIV, containing declarations and directions with respect to the Arrangement and the holding of the FIV Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (ss) “**New Shares**” means the new class of common shares without par value which FIV will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the FIV Shares;
- (tt) “**Notice of Meeting**” means the notice of special meeting of the FIV Shareholders in respect of the FIV Meeting;
- (uu) “**Parties**” means FIV and the FIV Subsidiaries; and “**Party**” means any one of them;
- (vv) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (ww) “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Schedule “A” to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 7 hereof;
- (xx) “**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (yy) “**Registered Shareholder**” means a registered holder of FIV Shares as recorded in the shareholder register of FIV maintained by Valiant;
- (zz) “**Share Distribution Record Date**” means the close of business on the day which is four Business Days after the date of the FIV Meeting or such other date as agreed to by FIV, BC0981609, BC0981624, BC0981628, and CanPac, which date establishes the FIV Shareholders who will be entitled to receive BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares pursuant to this Plan of Arrangement;
- (aaa) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;
- (bbb) “**Valiant**” means Valiant Trust Company.

## 1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules



A to F hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

### **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

### **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

### **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

### **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

### **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS.

### **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

### **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

### **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

- A – Plan of Arrangement
- B – Assets

C – BC0981609 Option Plan Resolution  
D – BC0981624 Option Plan Resolution  
E – BC0981628 Option Plan Resolution  
F – CanPac Option Plan Resolution

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

FIV and the FIV Subsidiaries will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the FIV Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, FIV and each of the FIV Subsidiaries will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the FIV Shareholders, FIV and the FIV Subsidiaries shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, FIV shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

### **2.2 Interim Order**

The Interim Order shall provide that:

#### **FIV**

- (a) the securities of FIV for which holders shall be entitled to vote on the Arrangement Resolution shall be the FIV Shares;
- (b) the FIV Shareholders shall be entitled to vote on the Arrangement Resolution, with each FIV Shareholder being entitled to one vote for each FIV Share held by such holder;
- (c) the requisite majority for the approval of the Arrangement Resolution shall be:
  - (i) two-thirds of the votes cast by the FIV Shareholders present in person or by proxy at the FIV Meeting; and
  - (ii) and a majority of the votes cast by the FIV Shareholders, after excluding the votes cast by those persons whose votes must be excluded pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

### **2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) FIV shall:

- (i) prepare the Information Circular and cause such circular to be mailed to the FIV Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
- (ii) convene the FIV Meeting.

## **2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

## **ARTICLE 3 COVENANTS**

### **3.1 Covenants Regarding the Arrangement**

From the date hereof until the Effective Date, FIV and each of the FIV Subsidiaries will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

### **3.2 Covenants Regarding Execution of Documents**

- (a) FIV and each of the FIV Subsidiaries will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the FIV Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The BC0981609 Shareholder(s), the BC0981624 Shareholder(s), the BC0981628 Shareholder(s), and the CanPac Shareholder(s) shall approve the Arrangement by a consent resolution;

- (c) Upon obtaining the Interim Order, FIV shall call the FIV Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the FIV Shareholders;
- (d) If the FIV Shareholders approve the Arrangement as set out in §3.3 hereof, FIV shall thereafter (subject to the exercise of any discretionary authority granted to FIV's directors by the FIV Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, FIV shall, subject to compliance with any of the other conditions provided for in Article 3.3 hereof and to the rights of termination contained in Article 7 hereof, file the material described in §5.1 with the Registrar in accordance with the terms of the Plan of Arrangement.

### **3.4 FIV Stock Options and Warrants**

The FIV Subsidiaries covenant and agree to issue, upon the exercise of any FIV Share Commitments on or before the Effective Date, to the holder of the FIV Share Commitments, that number of BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares that is equal to the number of New Shares acquired upon the exercise of the FIV Share Commitments multiplied by the Exchange Factor, and FIV covenants and agrees to act as agent for the FIV Subsidiaries to collect and pay to the FIV Subsidiaries, a portion of the proceeds received for each FIV Share Commitment so exercised, with the balance of the exercise price to be retained by FIV as determined in accordance with the following formula:

$$A = B \times C/D$$

Where:

- A is the portion of the proceeds to be received by each of the FIV Subsidiaries for each FIV Share Commitment exercised on or before the Effective Date;
- B is the exercise price of the FIV Share Commitment;
- C is the fair market value of the Assets to be transferred to the FIV Subsidiaries under the Arrangement, such fair market to be determined as at the Effective Date by resolution of the board of directors of FIV; and
- D is the total fair market value of all of the assets of FIV immediately prior to completion of the Arrangement on the Effective Date, which total fair market value shall include, for greater certainty, the Assets.

Fractions of BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares resulting from such calculation shall be cancelled as provided for in the Plan of Arrangement.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that.

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;

- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to FIV and each of the FIV Subsidiaries, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to FIV and each of the FIV Subsidiaries, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the FIV Shareholders at the FIV Meeting in accordance with the Arrangement Provisions, the constating documents of FIV, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the BC0981609 Shareholder(s), the BC0981624 Shareholder(s), the BC0981628 Shareholder(s), and the CanPac Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of each of the FIV Subsidiaries.
- (d) the Final Order shall have been granted in form and substance satisfactory to FIV and the FIV Subsidiaries, acting reasonably;
- (e) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to FIV and each of the FIV Subsidiaries, acting reasonably;
- (f) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to FIV and each of the FIV Subsidiaries;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (h) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by either FIV or any of the FIV Subsidiaries, as the case may be, at its discretion.

## **5.2 Closing**

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of FIV, located at 106, 1641 Lonsdale Avenue, North Vancouver, British Columbia, V7M 2T5, at 10:00 a.m. (Vancouver time) on such date as they may mutually agree (the “Closing Date”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

## **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

## **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

# **ARTICLE 6 AMENDMENT**

## **6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the FIV Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by an FIV Shareholder without approval by the FIV Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the FIV Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of FIV without further action on the part of the FIV Shareholders, or by the board of directors of each of the FIV Subsidiaries without further action on the part of the respective BC0981609 Shareholder(s), the BC0981624 Shareholder(s), the BC0981628 Shareholder(s), and the CanPac Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of FIV or any of the FIV Subsidiaries, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

### **7.2 Cessation of Right**

The right of FIV or any of the FIV Subsidiaries or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

## **ARTICLE 8**

### **NOTICES**

### **8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

**FIV**, addressed to:  
106, 1641 Lonsdale Avenue  
North Vancouver, British Columbia  
Attention: Carman Parente, President and Chief Executive Officer

**0981609 B.C. Ltd.**, addressed to:  
Suite 216, 515 West Pender Street  
Vancouver, BC V5B 6H5  
Attention: President

**0981624 B.C. Ltd.**, addressed to:  
Suite 216, 515 West Pender Street  
Vancouver, BC V5B 6H5  
Attention: President

**0981628 B.C. Ltd.**, addressed to:  
Suite 216, 515 West Pender Street  
Vancouver, BC V5B 6H5  
Attention: President

**CanPac Investments Corp.**, addressed to:  
Suite 216, 515 West Pender Street

Vancouver, BC V5B 6H5  
Attention: President

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

## **ARTICLE 9 GENERAL**

### **9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

### **9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.



**9.6 Time of Essence**

Time shall be of the essence of this Agreement.

**9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

**9.8 Waiver**

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

**9.9 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**FIVE NINES VENTURES LTD.**

By: “Carman Parente”

**0981609 B.C. LTD.**

By: “Carman Parente”

**0981628 B.C. LTD.**

By: “Carman Parente”

**0981624 B.C. LTD.**

By: “Carman Parente”

**CANPAC INVESTMENTS CORP.**

By: “Carman Parente”

**SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT**  
**PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9**  
**OF THE**  
***BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)***  
**S.B.C. 2002, c. 57**

**ARTICLE 1**  
**INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Amalco**” means the company resulting from the amalgamation of BC0981609 and Blackgate under this Plan of Arrangement;

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving FIV, BC0981609, BC0981624, BC0981628, CanPac, and the FIV Shareholders pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

“**Arrangement Agreement**” means the arrangement agreement dated effective October 7, 2013, between FIV, BC0981609, BC0981624, BC0981628, and CanPac with respect to the Arrangement, and all amendments thereto;

“**Arrangement Provisions**” means Division 5 of Part 9 of the BCBCA;

“**Assets**” means the assets of FIV described in Schedule B to the Arrangement Agreement;

“**BC0981609**” means 0981609 B.C. Ltd., a private company incorporated under the BCBCA;

“**BC0981609 Commitment**” means the covenant of BC0981609 to issue BC0981609 Shares to the holders of FIV Share Commitments who exercise their rights thereunder on or before the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and BC0981609 Shares upon such exercise;

“**BC0981609 Shares**” means the common shares without par value in the authorized share structure of BC0981609, as constituted on the date of the Arrangement Agreement;

“**BC0981609 Stock Option Plan**” means the proposed common share purchase option plan of BC0981609, which is subject to FIV Shareholder approval;

“**BC0981624**” means 0981624 B.C. Ltd., a private company incorporated under the BCBCA;

“**BC0981624 Commitment**” means the covenant of BC0981624 to issue BC0981624 Shares to the holders of FIV Share Commitments who exercise their rights thereunder on or before the Effective Date,

and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and BC0981624 Shares upon such exercise;

“**BC0981624 Shares**” means the common shares without par value in the authorized share structure of BC0981624, as constituted on the date of the Arrangement Agreement;

“**BC0981624 Stock Option Plan**” means the proposed common share purchase option plan of BC0981624, which is subject to FIV Shareholder approval;

“**BC0981628**” means 0981628 B.C. Ltd., a private company incorporated under the BCBCA;

“**BC0981628 Commitment**” means the covenant of BC0981628 to issue BC0981628 Shares to the holders of FIV Share Commitments who exercise their rights thereunder on or before the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and BC0981628 Shares upon such exercise;

“**BC0981628 Shares**” means the common shares without par value in the authorized share structure of BC0981628, as constituted on the date of the Arrangement Agreement;

“**BC0981628 Stock Option Plan**” means the proposed common share purchase option plan of BC0981628, which is subject to FIV Shareholder approval;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Blackgate**” means Blackgate Asset Management Ltd., a company existing under the BCBCA;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, in the Province of British Columbia, for the transaction of banking business;

“**CanPac**” means CanPac Investments Corp., a private company incorporated under the BCBCA;

“**CanPac Commitment**” means the covenant of CanPac to issue CanPac Shares to the holders of FIV Share Commitments who exercise their rights thereunder on or before the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and CanPac Shares upon such exercise;

“**CanPac Shares**” means the common shares without par value in the authorized share structure of CanPac, as constituted on the date of the Arrangement Agreement;

“**CanPac Stock Option Plan**” means the proposed common share purchase option plan of CanPac, which is subject to FIV Shareholder approval;

“**Conversion Factor**” means the number arrived at by dividing the number of issued FIV Shares as of the close of business on the Share Distribution Record Date by 169,091,680;

“**CNSX**” means the Canadian National Stock Exchange;

“**Court**” means the Supreme Court of British Columbia;

“**Depository**” means Valiant Trust Company;

“**Distributed Subsidiary Shares**” means the BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares that are to be distributed to the FIV Shareholders pursuant to §3.1;

“**Effective Date**” means the date the Arrangement becomes effective under the BCBCA;

“**Exchange Factor**” means the number arrived at by dividing 169,091,680 by the number of issued FIV Shares as of the close of business on the Share Distribution Record Date;

“**Final Order**” means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**FIV**” means Five Nines Ventures Ltd., a company existing under the BCBCA;

“**FIV Class A Shares**” means the renamed and re-designated FIV Shares, as described in §3.1 of this Plan of Arrangement;

“**FIV Class A Preferred Shares**” means the Class “A” preferred shares without par value which FIV will create and issue pursuant to §3.1 of this Plan of Arrangement;

“**FIV Meeting**” means the special meeting of FIV Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

“**FIV Options**” means share purchase options issued pursuant to the FIV Stock Option Plan;

“**FIV Share Commitments**” means an obligation of FIV to issue New Shares and to deliver BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares to the holders of FIV Options and FIV Warrants which are outstanding on or before the Effective Date upon the exercise of such options and warrants on or before the Effective Date;

“**FIV Shares**” means the common shares of FIV and “**FIV Shareholder**” means the holders from time to time of FIV Shares;

“**FIV Stock Option Plan**” means the stock option plan of FIV dated February 23, 2011;

“**FIV Warrants**” means share purchase warrants of FIV that are outstanding on the Effective Date;

“**Information Circular**” means the management information circular to be sent to the FIV Shareholders in connection with the FIV Meeting;

“**Interim Order**” means the interim order of the Court concerning the Arrangement under the BCBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**New Shares**” means the new class of common shares without par value which FIV will create pursuant to §3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the FIV Shares;

“**Parties**” means, collectively, FIV, BC0981609, BC0981624, BC0981628, and CanPac, and “**Party**” means any one of them;

“**Plan**” or “**Plan of Arrangement**” means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

“**Registrar**” means the Registrar of Companies duly appointed under the BCBCA;

“**Share Distribution Record Date**” means the close of business on the day which is four Business Days after the date of the FIV Meeting or such other date as agreed to by FIV, BC0981609, BC0981624, BC0981628, and CanPac, which date establishes the FIV Shareholders who will be entitled to receive BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares pursuant to this Plan of Arrangement;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended;

“**Transfer Agent**” means Valiant Trust Company at its principal office in Vancouver, British Columbia.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the FIV Shareholders.

**ARTICLE 3  
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of FIV, BC0981609, BC0981624, BC0981628, or CanPac, but subject to the provisions of Article 6:
- (a) FIV will transfer the Assets to each of BC0981609, BC0981624, BC0981628, and CanPac in consideration for 16,909,168 shares from each of BC0981609, BC0981624, BC0981628, and CanPac (the “**Distributed Subsidiary Shares**”), such Distributed Subsidiary Shares to be multiplied by the Conversion Factor so that FIV shall receive from each FIV Subsidiary, in consideration for the Assets, the number of shares equal to the issued and outstanding FIV Shares as of the Share Distribution Record Date. Thereafter, FIV will be added to the central securities register of each of BC0981609, BC0981624, BC0981628, and CanPac in respect of such BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares;
  - (b) The authorized share capital of FIV will be changed by:
    - (i) Altering the identifying name of the FIV Shares to class “A” common shares without par value, being the FIV Class A Shares;
    - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
    - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the FIV Class A Preferred Shares;
  - (c) Each issued FIV Class A Share will be exchanged for one New Share and one FIV Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the FIV Class A Shares will be removed from the central securities register of FIV and will be added to the central securities register as the holders of the number of New Shares and FIV Class A Preferred Shares that they have received on the exchange;
  - (d) All of the issued FIV Class A Shares will be cancelled with the appropriate entries being made in the central securities register of FIV and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the FIV Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the FIV Class A Preferred Shares so that the aggregate paid up capital of the FIV Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Subsidiary Shares as of the Effective Date, and each FIV Class A Preferred Share so issued will be issued by FIV at an issue price equal to such aggregate fair market value divided by the number of issued FIV Class A Preferred Shares, such aggregate fair market value of the Distributed Subsidiary Shares to be determined as at the Effective Date by resolution of the board of directors of FIV;
  - (e) FIV will redeem the issued FIV Class A Preferred Shares for consideration consisting solely of the Distributed Subsidiary Shares such that each holder of FIV Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of

dissent, receive that number of BC0981609 Shares, BC0981624 Shares, 0981628 Shares, and CanPac Shares that is equal to the number of FIV Class A Preferred Shares held by such holder multiplied by the Conversion Factor;

- (f) The name of each holder of FIV Class A Preferred Shares will be removed as such from the central securities register of FIV, and all of the issued FIV Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of FIV;
- (g) The Distributed Subsidiary Shares transferred to the holders of the FIV Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of FIV Class A Preferred Shares and appropriate entries will be made in the central securities registers of BC0981609, BC0981624, BC0981628, and CanPac;
- (h) The FIV Class A Shares and the FIV Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of FIV will be changed by eliminating the FIV Class A Shares and the FIV Class A Preferred Shares therefrom;
- (i) The Notice of Articles and Articles of FIV will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement;
- (j) On or before the Effective Date:
  - (i) All FIV Share Commitments will be exercisable for New Shares, BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares in accordance with the corporate reorganization terms of such commitments, whereby the acquisition of one FIV Share under an FIV Share Commitment will result in the holder of the FIV Share Commitment receiving one New Share and such number of BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares equal to the number of New Shares so received multiplied by the Exchange Factor,
  - (ii) Pursuant to the BC0981609 Commitment, the BC0981624 Commitment, the BC0981628 Commitment, and the CanPac Commitment, BC0981609, BC0981624, BC0981628, and CanPac will issue the required number of BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, or CanPac Shares upon the exercise of FIV Share Commitments as is directed by FIV, and
  - (iii) FIV will, as agent for BC0981609, BC0981624, BC0981628, and CanPac, collect and pay to BC0981609, BC0981624, BC0981628, and CanPac a portion of the proceeds received for each FIV Share Commitment so exercised, with the balance of the exercise price to be retained by FIV, as determined in accordance with §3.4 of the Arrangement Agreement.

3.2 Notwithstanding §3.1(e) and §3.1(j), no fractional BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares shall be distributed to the FIV Shareholders or the holders of FIV Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Subsidiary Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of FIV in its absolute discretion.

- 3.3 The holders of the FIV Class A Shares and the holders of New Shares and FIV Class A Preferred Shares referred to in §3.1(c), and the holders of the FIV Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are FIV Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the FIV Class A Preferred Shares set out in §3.1(e) shall occur and shall be deemed to occur immediately upon any one of the BC0981609 Shares, BC0981624 Shares, BC0981628 Shares and CanPac Shares have been distributed to the FIV Shareholders as of the Share Distribution Record Date.
- 3.5 All New Shares, FIV Class A Preferred Shares, BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.6 The Arrangement shall become final and conclusively binding on the FIV Shareholders, the BC0981609 Shareholder(s), the BC0981624 Shareholder(s), the BC0981628 Shareholder(s), the CanPac Shareholders, and FIV, BC0981609, BC0981624, BC0981628, and CanPac on the Effective Date.
- 3.7 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of FIV, BC0981609, BC0981624, BC0981628, and CanPac shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

#### **ARTICLE 4 CERTIFICATES**

- 4.1 Recognizing that the FIV Shares shall be redeemed and re-designated as FIV Class A Shares pursuant to §3.1(b)(i) and that the FIV Class A Shares shall be exchanged partially for New Shares pursuant to §3.1(c), FIV shall not issue replacement share certificates representing the FIV Class A Shares.
- 4.2 Recognizing that the Distributed Subsidiary Shares shall be transferred to the FIV Shareholders as consideration for the redemption of the FIV Class A Preferred Shares pursuant to §3.1(e), BC0981609, BC0981624, BC0981628, and CanPac shall issue one share certificate representing all of the Distributed Subsidiary Shares registered in the name of FIV, which share certificate shall be held by the Depositary until the Distributed Subsidiary Shares are transferred to the FIV Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed Subsidiary Shares to the FIV Shareholders as of the Share Distribution Record Date, FIV shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed Subsidiary Shares to such FIV Shareholders in accordance with the terms of this Plan of Arrangement and BC0981609, BC0981624, BC0981628, or CanPac shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.



- 4.3 Recognizing that all of the FIV Class A Preferred Shares issued to the FIV Shareholders pursuant to §3.1(c) will be redeemed by FIV as consideration for the distribution and transfer of the Distributed Subsidiary Shares under §3.1(e), FIV shall issue one share certificate representing all of the FIV Class A Preferred Shares issued pursuant to §3.1(e) in the name of the Depositary, to be held by the Depositary for the benefit of the FIV Shareholders until such FIV Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, BC0981609, BC0981624, BC0981628, and CanPac shall cause to be issued to the registered holders of FIV Shares as of the Share Distribution Record Date, share certificates representing the BC0981609 Shares, the BC0981624 Shares, the BC0981628 Shares, and the CanPac Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates to be mailed to such registered holders.
- 4.5 From and after the Effective Date, share certificates representing FIV Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 FIV Shares traded after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed Subsidiary Shares.

## **ARTICLE 5 DISSENTING SHAREHOLDERS**

- 5.1 Notwithstanding §3.1 hereof, holders of FIV Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 FIV Shareholders who duly exercise Dissent Rights with respect to their FIV Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to FIV for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting FIV Shareholder and shall receive New Shares, BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares on the same basis as every other non-dissenting FIV Shareholder, and in no case shall FIV be required to recognize such person as holding FIV Shares on or after the Effective Date.
- 5.3 If an FIV Shareholder exercises the Dissent Right, FIV shall on the Effective Date set aside and not distribute that portion of the Distributed Subsidiary Shares that is attributable to the FIV Shares for which the Dissent Right has been exercised. If the dissenting FIV Shareholder is ultimately not entitled to be paid for their Dissenting Shares, FIV shall distribute to such FIV Shareholder his, her or its pro-rata portion of the Distributed Subsidiary Shares. If an FIV Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for

their Dissenting Shares, then FIV shall retain the portion of the Distributed Subsidiary Shares attributable to such FIV Shareholder (the “**Non-Distributed Subsidiary Shares**”), and the Non-Distributed Subsidiary Shares shall be dealt with as determined by the board of directors of FIV in its absolute discretion.

## **ARTICLE 6 AMENDMENTS**

- 6.1 FIV, BC0981609, BC0981624, BC0981628, and CanPac may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
  - (ii) filed with the Court and, if made following the FIV Meeting, approved by the Court; and
  - (iii) communicated to holders of FIV Shares, BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by FIV at any time prior to the FIV Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the FIV Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 FIV, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the FIV Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by FIV, BC0981609, BC0981624, BC0981628, and CanPac, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of FIV, BC0981609, BC0981624, BC0981628, and CanPac, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of FIV, BC0981609, BC0981624, BC0981628, and CanPac or any former holder of FIV Shares, BC0981609 Shares, BC0981624 Shares, BC0981628 Shares, and CanPac Shares, as the case may be.

## **ARTICLE 7 REFERENCE DATE**

- 7.1 This plan of arrangement is dated for reference the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

## SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

### SPECIAL RIGHTS AND RESTRICTIONS FOR FIV CLASS A PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

#### Definitions

- (1) In these Special Rights and Restrictions,
  - (a) "**Arrangement**" means the arrangement pursuant to Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of October 7, 2013, between Five Nines Ventures Ltd. (the "**Company**"), 0981609 B.C. Ltd., 0981624 B.C. Ltd., 0981628 B.C. Ltd., and CanPac Investments Corp.,
  - (c) "**Old Common Shares**" means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
  - (d) "**Effective Date**" means the date upon which the Arrangement becomes effective,
  - (e) "**New Shares**" means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
  - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
- (2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE "B"**

**FIV ASSETS TO BE TRANSFERRED TO 0981609 B.C. LTD.**

Letter of Intent dated as of September 12, 2013, between Five Nines Ventures Ltd. and Blackgate Asset Ltd., and \$5,000 cash.

**FIV ASSETS TO BE TRANSFERRED TO 0981624 B.C. LTD.**

Letter of Intent dated as of September 12, 2013, between Five Nines Ventures Ltd. and NHS Industries Ltd., and \$5,000 cash.

**FIV ASSETS TO BE TRANSFERRED TO 0981628 B.C. LTD.**

Letter of Intent dated as of August 13, 2013, between Five Nines Ventures Ltd. and Norsemont Metals Ltd., and \$5,000 cash.

**FIV ASSETS TO BE TRANSFERRED TO CANPAC INVESTMENTS CORP.**

Merchant banking assets consisting of \$5,000 cash.

**SCHEDULE "C"**

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN  
OF 0981609 B.C. LTD.**

**"BE IT RESOLVED THAT:**

1. The stock option plan of the Corporation, as described in this management information circular of the Corporation dated [•], 2013, be and is hereby ratified and approved for the ensuing year; and

2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

**SCHEDULE "D"**

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN  
OF 0981624 B.C. LTD.**

**"BE IT RESOLVED THAT:**

1. The stock option plan of the Corporation, as described in this management information circular of the Corporation dated [•], 2013, be and is hereby ratified and approved for the ensuing year; and
2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

**SCHEDULE "E"**

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN  
OF 0981628 B.C. LTD.**

**"BE IT RESOLVED THAT:**

1. The stock option plan of the Corporation, as described in this management information circular of the Corporation dated [•], 2013, be and is hereby ratified and approved for the ensuing year; and
2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

**SCHEDULE “F”**

**SPECIAL RESOLUTION TO APPROVE THE STOCK OPTION PLAN  
OF CANPAC INVESTMENTS CORP.**

**“BE IT RESOLVED THAT:**

1. The stock option plan of the Corporation, as described in this management information circular of the Corporation dated [•], 2013, be and is hereby ratified and approved for the ensuing year; and
2. Any one (1) director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”





**Appendix B**  
**Letter of Intent**

## **FIVE NINES VENTURES LTD.**

#106, 1641 Lonsdale Avenue,  
North Vancouver, B.C., V7M 2T5

September 12, 2013

NHS INDUSTRIES LTD.

C/O Mr. Standly Gunawam

FL Belavan

NO 13

Jakarta, Indonesia

**RE: LETTER OF INTENT**

Dear Sirs/Mesdames:

The purpose of this Letter of Intent ("Letter") is to set forth certain non-binding understandings and certain binding obligations between Five Nines Ventures Ltd. ("Five Nines") and NHS Industries Ltd. (the "Company") and the shareholders of NHS Industries Ltd. (the "Vendor"), owners of 100% of the issued and outstanding capital stock of the Company, with respect to a proposed transaction in which Five Nines will form a subsidiary (the "Purchaser") to purchase 100% of the issued and outstanding capital stock of the Company (the "Shares") from the Vendor. For purposes of this Letter, Five Nines, the Purchaser, the Company and the Vendor are sometimes collectively referred to as "parties" and individually as a "party."

The terms of the share purchase transaction will be more particularly set forth in a share purchase agreement and one or more definitive agreements (collectively, the "Definitive Agreement") to be mutually agreed upon by the parties. It is expected and planned at this time to effect the business combination in the form of a three-cornered amalgamation between the Purchaser and the Company pursuant to the *Business Corporations Act* (British Columbia) to form a wholly owned subsidiary of the purchaser to continue the business of the Company ("Amalco"), in which case the Definitive Agreement will be in the form of a three-cornered amalgamation agreement. This Letter outlines the proposed transaction based on each party's present understanding of the current condition of the assets, financial position and business operations of the Company. In particular, Five Nines understands that the Company has 100% ownership of an agriculture based business in Langley, British Columbia. The Langley project is a five and a half acre area devoted to growing and eventually being able to process, package and store finished food based products either in cold storage or dry storage before being shipped to their final destination. The Company has invested significant amounts to date in product development and feasibility studies. The current business objective of the Company is to raise \$2,000,000 to build and operate a state of the art warehouse / processing facility to generate near term cash flow.

This business plan is clearly a comprehensive review of the critical factors that would add capacity through a modular and fee based approach that is designed to support small and medium producers.

As farmers struggle to find ways to increase farm income, interest in “adding value” to raw agricultural products has grown tremendously. The value of farm products can be increased in endless ways: by cleaning and cooling, packaging, processing, distributing, cooking, combining, churning, culturing, grinding, hulling, extracting, drying, smoking, handcrafting, spinning, weaving, labelling, or packaging.

Besides offering a higher return, value added products can open new markets, create recognition for a farm, expand the market season, and make a positive contribution to the community.

The Vendor further understands that in order to effect the transactions contemplated in this Letter, Five Nines will be required to effect a corporate reorganization prior to undertaking any of the transactions outlined in this Letter, and in relation to its corporate reorganization will seek shareholder approval to spin out a subsidiary which will then merge with the Company through a three-cornered amalgamation.

The following numbered Sections 1 - 3 of Part One constitute a general outline of the proposed transaction, the purchase price, key ancillary agreements and important conditions. The provisions shall be included in the Definitive Agreement, but in all instances shall be subject to and contingent upon the parties reaching agreement on the Definitive Agreement and the terms and conditions set forth in the Definitive Agreement. The parties expressly state their intention that this Letter as a whole, and Sections 1 - 3 of Part One in particular, do not and shall not constitute a legal and binding obligation, contract or agreement between any of the parties, are not intended to be an extensive summary of all of the terms and conditions of the proposed acquisition or the Definitive Agreement, and are subject to the approval by both Parties. The parties do, however, expressly intend that Sections 4 - 9 of Part Two of this Letter, upon acceptance by both Parties, shall constitute the parties’ agreement with respect to the procedures for negotiation and preparation of the Definitive Agreement.

## **PART ONE: NON-BINDING STATEMENT OF UNDERSTANDING**

### **1. ACQUISITION OF THE SHARES**

#### **1.1 Subject to:**

- (a) the satisfactory results of due diligence by the Purchaser and its legal counsel (as provided for in Section 4 hereof) and the making of any agreed upon adjustments to the acquisition price reflecting the assets, liabilities (both known and contingent), finances and business operations of the Company;
- (b) the Vendor entering into an escrow agreement for the scheduled release of seed shares in compliance with all applicable securities regulations and stock exchange rules, if any;
- (c) Five Nines agreeing to obtain all necessary corporate, regulatory and shareholder approvals to a share exchange ratio on the basis of one new common share of Amalco for every one issued and outstanding common share of Five Nines prior to the spin-off of a subsidiary or subsidiaries, and prior to closing of the Definitive Agreement;

- (d) the ability of Five Nines to obtain any necessary regulatory and shareholder approval to the propose transaction and the share issuance by the Purchaser in consideration for the Purchase Price (as defined below);
- (e) the Vendor to pay for all of the costs and expenses associated with the preparation and delivery of the meeting materials, the holding of the meeting, and the preparation of the listing application to undertake this transaction,
- (f) the Vendor to pay for finders fees, if any, immediately prior to closing,
- (g) also subject to the conditions, agreements and undertakings referred to below in this Letter,

1.2 The Purchaser shall purchase the capital stock of the Company (the "Purchase Price"), subject to the terms and conditions of the Definitive Agreement. The Purchase Price shall be paid on the Closing Date by the issuance of approximately 40,000,000 post consolidated common shares of the capital stock of the Purchaser at a deemed price of \$0.05 per common share to the Vendor. The exact number of shares to be issued will be determined prior to entering into the Definitive Agreement.

## **2. PREPARATION OF THE DEFINITIVE AGREEMENT**

2.1 The parties will negotiate the terms and begin preparation of the Definitive Agreement that will govern the Purchaser's proposed acquisition of the capital stock of the Company from the Vendor. To the extent appropriate for transactions of this type and size, the Definitive Agreement will contain such customary representations, warranties, covenants, indemnities and other ancillary agreements of the parties, including but not limited to:

- (a) representations and warranties related to each party's power and authority to enter into the Definitive Agreement and perform its obligations thereunder;
- (b) ownership and title to the capital stock of the Company and that such interest will be conveyed free and clear of all encumbrances;
- (c) various representations and warranties concerning the Company and the Purchaser such as due organization, good standing, ownership of assets and properties, the absence of violation of other agreements and laws, the accuracy of financial information being relied upon, and other matters customary for transactions of this sort;
- (d) indemnities from the Vendor in favour of the Purchaser against all claims and liabilities with respect to breach of such representations and warranties concerning the ownership interest in the capital stock of the Company in favour of the Purchaser against all claims and liabilities with respect to breach of such representations and warranties;
- (e) indemnities from the Purchaser in favour of the Vendor against all claims and liabilities with respect to breach of the Purchaser's representations and warranties.

2.2 The Definitive Agreement is expected to include, without limitation:

- (a) the purchase and sale by the Purchaser of the capital stock in the Company from the Vendor; and

- (b) such other ancillary agreements reasonably necessary or desirable in connection with any of the foregoing arrangements or any transaction contemplated herein.

2.3 Closing Date – The Closing Date of the purchase of Shares will take place on the date as specified in the Definitive Agreement and in no event later than 60 days from the date of the Definitive Agreement, or as otherwise mutually agreed to among the parties.

### 3. CONDITIONS PRECEDENT TO THE CLOSING OF THE PROPOSED ACQUISITION

3.1 The Definitive Agreement shall include such customary conditions precedent as are generally applicable to an acquisition of the nature and size of the transactions contemplated by this Letter, each of which must be satisfied prior to the consummation of the transactions contemplated thereby. In general, the closing of the proposed acquisition and the obligations of each party under the Definitive Agreement will be subject to the satisfaction of the conditions precedent, which shall include but not be limited to:

- (a) **Satisfactory Results of Due Diligence.** The satisfactory completion of due diligence investigation by the Purchaser (as provided in Section 4) showing that the assets of the Company and any actual or contingent liabilities against those assets, and the prospective business operations by the Purchaser of the Company's business are substantially the same as currently understood by the Purchaser as of the date of this Letter;
- (b) **Completion of Adequate Financing.** The completion of adequate financing by either the Company or the Purchaser, or jointly by the Company and the Purchaser, at a price per unit or common share to be determined by the Company or the Purchaser or jointly by the Company and the Purchaser, as the case may be, to satisfy the work requirements to qualify for listing on the Canadian National Stock Exchange ("CNSX");
- (c) **Five Nines and the Purchaser Obtaining Requisite Shareholder and Regulatory Approvals.** The ability of Five Nines and the Purchaser to obtain any necessary regulatory and shareholder approval to the acquisition of the Company's shares;
- (d) **Compliance.** Satisfactory determination that the acquisition and prospective business operations by the Purchaser of the Company's business will comply with all applicable laws and regulations;
- (e) **Absence of Material Litigation or Adverse Change.** There must be no pending or threatened material claims or litigation involving the Company, and no "material adverse change" in the business prospects of the Purchaser operating the Company's business; "material adverse change" is defined as any amount greater than \$15,000.00; and
- (f) **Delivery of Legal Opinions.** Customary legal opinions must be delivered, the content of which shall be mutually agreed upon between counsel.

### **PART TWO: AGREEMENTS OF THE PARTIES REGARDING THE PROCEDURES, FOR NEGOTIATION AND PREPARATION OF THE DEFINITIVE AGREEMENT**

In consideration of all costs to be borne by *each* party in pursuing the acquisition and sale contemplated by this Letter and in consideration of the mutual undertakings by the parties as to the matters described in this Letter, upon execution of counterparts of this Letter by each party, the following Sections 4 - 9 will constitute legally binding and enforceable agreements of the parties regarding the procedures for the negotiation and preparation of the Definitive Agreement.

#### **4. DUE DILIGENCE**

- 4.1 From the date of acceptance by the parties of the terms of this Letter, until the negotiations are terminated as provided in Section 9 of this Letter, the Company will give the Purchaser and the Purchaser's management personnel, legal counsel, accountants, and technical and financial advisors, full and unrestricted access and opportunity to inspect, investigate and audit the books, records, contracts, and other documents of the Company as it relates to the Company's business and all of the Company's assets and liabilities (actual or contingent), including, without limitation, inspecting the Company's properties and conducting additional environmental inspections of the properties and reviewing financial records, contracts, operating plans, and other business records, for the purposes of evaluating issues related to the operation of the Company's business. The Company further agrees to provide the Purchaser with such additional information as may be reasonably requested pertaining to the Company's business and assets to the extent reasonably necessary to complete the Definitive Agreement.

#### **5. CONFIDENTIALITY**

- 5.1 By their signature below, each party agrees to keep in strict confidence all information regarding the terms of the proposed acquisition of the capital stock, except to the extent the Purchaser must disclose information to lenders and equity partners to obtain necessary debt and equity financing. If this proposal is terminated as provided in Section 8 below, each party upon request will promptly return to the other party all documents, contracts, records, or other information received by it that disclose or embody confidential information of the other party. The Purchaser agrees to keep all material and information provided to it, under Section 4 above, confidential and to promptly return the same to the Company upon termination of this Letter. The provisions of this Section shall survive termination of the agreements set forth in Sections 4 - 9.

#### **6. PUBLIC DISCLOSURE**

- 6.1 No party will make any public disclosure or issue any press releases pertaining to the existence of this Letter or to the proposed acquisition and sale between the parties without having first obtained the consent of the other parties, except for such communications with employees, customers, suppliers, governmental agencies, and other groups as may be legally required or reasonably necessary or appropriate (i.e., any securities filings or notices), and which are not inconsistent with the prompt consummation of the transactions contemplated in this Letter. The provisions of this Section shall survive termination of the agreements set forth in Sections 4 - 9.

#### **7. DISCLAIMER OF LIABILITIES**

- 7.1 Except for breach of any confidentiality provisions hereof, no party to this Letter shall have any liability to any other party for any liabilities, losses, damages (whether special, incidental or consequential), costs, or expenses incurred by the party in the event the negotiations among the parties are terminated as provided in Section 8. Except to the extent the Vendor agrees to cover costs of the corporate re-organization to complete this transaction and otherwise provided in the Definitive Agreement entered into by the parties, each party shall be solely responsible for their own expenses, legal fees, accounting fees, and consulting fees related to the negotiations described in this Letter, whether or not any of the transactions contemplated in this Letter are consummated.

#### **8. TERMINATION**

8.1 Except for the provisions set forth in Sections 4 - 9 of Part Two, each party hereby reaffirms its intention that this Letter as a whole, and Sections 1 - 3 in particular, are not intended to constitute, and shall not constitute, a legal and binding obligation, contract or agreement between any of the parties, and are not intended to be relied upon by any party as constituting such. If any party withdraws from dealing or negotiation prior to the Closing Date, or fails to negotiate in good faith, or if each party hereto has not entered into the Definitive Agreement by the Closing Date, then any obligation to negotiate and prepare the Definitive Agreement or otherwise deal with any other party to this Letter, and the agreements of the parties set forth in Sections 4 - 9 shall immediately terminate. It is agreed, however, that the terms of any amalgamation agreement or other Definitive Agreement entered into by the parties has control over the right to withdraw from dealing or negotiations in this Letter.

**9. EXCLUSIVE OPPORTUNITY AND DEPOSIT**

9.1 The Company agrees that neither of them will pursue, solicit or discuss any opportunities for any party other than the Purchaser to acquire or otherwise control the capital stock of the Company until this Letter is terminated by the Purchaser or within 60 days from the date of this Letter or any of the events in Section 9 do not occur within 60 days of the date of this Letter and the Vendor notifies the Purchaser in writing that it is pursuing other buyers for the capital stock of the Company.

9.2 If the terms of this Letter are agreeable to the Vendor and the Company, please sign a copy of this Letter and return a signed copy by August 21, 2013 at 4:30 p.m., by electronic mail to Five Nines's CEO at [roygbiv@telus.net](mailto:roygbiv@telus.net), followed by a couriered original signed copy to #106, 1641 Lonsdale Avenue, North Vancouver, B.C., V7M 2T5. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original, but all of which taken together shall constitute one and the same document. Upon acceptance of the binding provisions of this Letter (those provisions set forth in Sections 4 - 9) by each party, the parties will negotiate in good faith to prepare and enter into the Definitive Agreement to govern the proposed acquisition and sale, subject to the termination provisions set forth in Section 9 above.

**ACCEPTED BY ALL OF THE UNDERSIGNED PARTIES ON THIS 12th DAY OF AUGUST, 2013.**

**FIVE NINES VENTURES LTD.**

Per:



Carman Parente

\_\_\_\_\_  
Witness



**Appendix C**  
**The Amalgamation Agreement**



## AMALGAMATION AGREEMENT

**THIS AGREEMENT**, the form of which was approved by the shareholders of Newco and NHS effective the 30th day of April, 2014, is executed as of this 30th day of April, 2014;

**AMONG:**

**0998955 BC LTD.**, a corporation incorporated under the laws of the Province of British Columbia

(hereinafter referred to as “**Newco**”)

OF THE FIRST PART;

- and -

**NHS INDUSTRIES LTD.**, a corporation incorporated under the laws of the Province of British Columbia

(hereinafter referred to as “**NHS**”)

OF THE SECOND PART;

- and -

**0981624 B.C. LTD.**, a company existing under the laws of the Province of British Columbia

(hereinafter referred to as “**BC0981624**”)

OF THE THIRD PART;

**WHEREAS** Newco and NHS wish to combine their businesses by means of the Amalgamation between Newco, a wholly-owned subsidiary of BC0918624, and NHS;

**AND WHEREAS**, the board of directors of BC0918624 has determined that the Amalgamation to be effected pursuant to this Agreement is advisable and in the best interests of BC0918624 and has approved the transactions contemplated by this Agreement;

**AND WHEREAS**, the board of directors of NHS has determined that the Amalgamation to be effected pursuant to this Agreement is advisable and in the best interests of NHS and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Amalgamation and the other transactions contemplated hereby to the NHS Shareholders;

**AND WHEREAS**, in furtherance of the Amalgamation, the board of directors of NHS has determined to submit the NHS Amalgamation Resolution in accordance with BCBCA to all the NHS Shareholders for approval;

**AND WHEREAS**, BC0918624, as the sole shareholder of Newco, will approve the Amalgamation, in accordance with BCBCA, by signing the Newco Amalgamation Resolution;

**AND WHEREAS**, upon the Amalgamation becoming effective, the NHS Shares will be exchanged for BC0918624 Shares and the Newco Shares will remain issued and outstanding in accordance with the provisions of this Agreement;

**AND WHEREAS**, the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT** in consideration of the mutual covenants and agreements herein contained and other lawful and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## **ARTICLE 1 DEFINITIONS**

### **1.1 Definitions**

In this Agreement (including the recitals hereto) and each Schedule hereto:

“**Acquisition Agreement**” means the agreement effective the xx day of April, 2014 between BC0981624 and NHS governing the terms and conditions of the Transaction.

“**Agreement**” means this amalgamation agreement.

“**Amalco**” means the corporation resulting from the Amalgamation.

“**Amalco Shares**” means common shares in the capital of Amalco.

“**Amalgamation**” means the amalgamation of Newco and NHS pursuant to BCBCA on the terms and conditions set forth in this Agreement.

“**Amalgamation Application**” means, collectively (i) a completed Form 13 – BC Company Amalgamation Application, Section 27 BCBCA, (ii) a statement of an officer or director of each of NHS and Newco required under the BCBCA, attached as Schedule “A” to the Articles of Amalgamation, (iii) a copy of this Agreement or directors’ resolutions approving the Amalgamation, attached as Schedule “B” to the Articles of Amalgamation, (iv) a covering letter to the Companies and Personal Property Security Branch for an application for amalgamation, and (v) the applicable filing fee payable to the Minister of Finance.

“**Amalgamating Corporations**” means Newco and NHS.

“**Articles of Amalgamation**” means the articles of amalgamation of Amalco substantially in the form set out in Schedule A hereto.

“**BC0981624 Shares**” means the common shares in the capital of BC0981624.

“**BCBCA**” means the British Columbia *Business Corporations Act*, as amended;

“**Business Day**” means a day other than a Saturday, Sunday or a civic or statutory holiday in the Province of British Columbia.

“**Consolidation**” means the consolidation of the BC0981624 Shares on the basis of one post-consolidation BC0981624 Share for every 10 pre-consolidation BC0981624 Shares held under the Act;

“**Effective Date**” means the date when this Agreement together with the documents or certificates evidencing all corporate actions required under the Act for the approval of the Amalgamation are filed with the Companies and Personal Property Security Branch.

“**Exchange**” means the Canadian National Stock Exchange, the TSX Venture Exchange Inc. or Toronto Stock Exchange, as applicable.

“**Holders**” means, when used with reference to the NHS Shares, the Newco Shares, or the BC0981624 Shares, the holders of such NHS Shares, Newco Shares or BC0981624 Shares, as applicable, shown from time to time in the registers maintained by or on behalf of NHS, Newco or BC0981624, as applicable, in respect of such NHS Shares, Newco Shares or BC0981624 Shares, as applicable.

“**Material Adverse Effect**” means, as used in connection with events, contingencies, claims or other matters expressly relating to this Agreement, a matter which might adversely affect the condition (financial or otherwise), operations, business or prospects of any party hereto, and which a reasonably prudent investor would consider important in deciding whether to proceed with the transactions hereunder on the terms provided herein.

“**Newco**” means 0998955 BC Ltd., a corporation organized under the laws of BC, and a wholly-owned subsidiary of BC0981624.

“**Newco Amalgamation Resolution**” means the resolution of the sole shareholder of Newco, to be signed by BC0981624 in its capacity as the sole Holder of the Newco Shares, approving the Amalgamation.

“**Newco Shares**” means common shares in the capital of Newco.

“**NHS Amalgamation Resolution**” means the unanimous written resolution of shareholders of NHS, to be signed by all NHS Shareholders, approving the Amalgamation.

“**NHS Shares**” means common shares in the capital of NHS.

“**NHS Shareholders**” means registered holders of NHS Shares immediately prior to the filing of this Agreement and the documents or certificates evidencing all corporate actions required under the Act for the approval of the Amalgamation.

“**Private Placement**” means the non-brokered/brokered private placement financing of NHS to be completed concurrently with the completion of the Transaction.

“**Resulting Issuer Compensation Options**” means the compensation options of BC0981624 as constituted after giving effect to the Transaction and the Private Placement;

“**Resulting Issuer Warrants**” means the share purchase warrants of BC0981624, as constituted after giving effect to the Transaction;

“**Transaction**” means the three-cornered amalgamation, whereby NHS will amalgamate with Newco, pursuant to which the NHS Shareholders and the current BC0981624 Shareholders shall own all of the issued and outstanding securities of BC0981624.

## **ARTICLE 2 AMALGAMATION**

### **2.1 Amalgamation**

NHS covenants in favour of BC0981624 and Newco that NHS shall lawfully have the NHS Amalgamation Resolution signed by all of the Holders of NHS Shares as soon as reasonably practicable and, in any event, no later than July 31, 2014, subject to postponements, as may be agreed to by NHS and BC0981624.

BC0981624 covenants in favour of NHS and Newco that BC0981624 shall in its capacity as the sole shareholder of Newco sign the Newco Amalgamation Resolution as soon as reasonably practicable and, in any event, no later than July 31, 2014, or such other date as may be agreed to by NHS and BC0981624.

## **ARTICLE 3 EFFECT OF AMALGAMATION**

### **3.1 Effect of Amalgamation**

On the Effective Date, subject to the Act:

- (a) the amalgamation of the Amalgamating Corporations and their continuance as one corporation, Amalco, under the terms and conditions prescribed in this Agreement shall be effective;
- (b) the property of each of the Amalgamating Corporations shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of the Amalgamating Corporations;
- (d) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Corporations shall be unaffected;

- (e) any civil, criminal or administrative action or proceeding pending by or against either of the Amalgamating Corporations may be continued to be prosecuted by or against Amalco;
- (f) any conviction against, or ruling, order or judgment in favour of or against, either of the Amalgamating Corporations may be enforced by or against Amalco; and
- (g) the Corporate Charter of Amalco shall be as set forth in Schedule A to this Agreement.

#### **ARTICLE 4 TREATMENT OF ISSUED CAPITAL**

##### **4.1 Treatment of Issued Share Capital of BC0981624 and the Amalgamating Corporations**

- (a) Immediately prior to the transaction in paragraph 3.1(a), becoming effective, before the Effective Date, BC0981624 shall effect the Consolidation of the BC0981624 Shares, on the basis of one post-Consolidation BC0981624 Share for each 10 pre-Consolidation BC0981624 Shares held, approved by a directors' resolution in accordance with the articles of BC0981624 under BCBCA.
- (b) On the Effective Date:
  - (i) each Holder of NHS Shares will receive one (1) post-Consolidation BC0981624 Share for each of such Holder's NHS Shares;
  - (ii) the issued and outstanding Newco Shares will be exchanged for Amalco Shares on the basis of one Amalco Share for each Newco Share held immediately before the Effective Date, and the Newco Shares so exchanged will immediately be cancelled;
  - (iii) BC0981624 will receive one Amalco Share for each post-Consolidation BC0981624 Share issued to NHS Shareholders on the Effective Date;
  - (iv) BC0981624 will become the sole shareholder of Amalco;
  - (v) each BC0981624 share certificate issued to a Holder of NHS Shares who is also a principal of BC0981624 will bear an escrow legend or legends restricting the sale, transfer or other disposition thereof for, as to fifteen per cent (15%) of the common shares represented thereby, until the date that is six (6) months after the date that such common shares are listed on the Exchange (the "**Listing Date**"), and as to fifteen per cent (15%) of the common shares represented thereby, until the date that is twelve (12) months after the Listing Date, and as to fifteen percent of the shares represented thereby, until the date that is eighteen (18) months after the Listing Date, and as to fifteen percent (15%) of the common shares represented thereby, until the date that is twenty-four (24) months after the

Listing Date, and as to fifteen percent (15%) of the common shares represented thereby, until the date that is thirty (30) months after the Listing Date, and as to fifteen percent (15%) of the common shares represented thereby until the date that is thirty-six (36) months after the Listing Date; and

- (vi) each BC0981624 share certificate originally issued to a Holder of NHS Shares pursuant to this Subsection 4.1(a) that is a U.S. Person, a person in the United States, or a person in the United States for the account or benefit of a U.S. Person or a person in the United States, as well as all certificates issued in exchange for or in substitution of any BC0981624 share certificate, will bear the following additional legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ‘U.S. SECURITIES ACT’), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF 0981624 B.C. LTD. AND ITS SUCCESSORS (THE ‘CORPORATION’) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION OR ITS SUCCESSORS, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES, PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF APPLICABLE AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION.

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE ‘GOOD DELIVERY’ IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. AT ANY TIME THAT THE CORPORATION IS A ‘FOREIGN ISSUER’ (AS DEFINED IN RULE 902 OF REGULATION S UNDER THE U.S. SECURITIES ACT), A NEW CERTIFICATE, BEARING NO LEGEND, THE DELIVERY OF WHICH WILL CONSTITUTE ‘GOOD DELIVERY’ MAY BE

OBTAINED FROM THE TRANSFER AGENT OF THE CORPORATION UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE TRANSFER AGENT OF THE CORPORATION AND TO THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH ADDITIONAL DOCUMENTATION AS THE TRANSFER AGENT OF THE CORPORATION MAY REQUEST.”; and

- (c) upon the transaction in paragraph 3.1(a) becoming effective, all issued and outstanding NHS Shares and all issued and outstanding Newco Shares shall be cancelled and replaced by the issuance of Amalco Shares; and BC0981624 will become the sole shareholder of Amalco.

#### 4.2 Treatment of the NHS Warrants

On the Effective Date:

- (a) upon the transaction in paragraph 3.1(a) becoming effective, each one (1) of NHS Warrants shall be exchanged for one (1) post-Consolidation Resulting Issuer Warrant and the NHS Warrants will become null and void; and
- (b) upon the original issuance of Resulting Issuer Warrant certificates to U.S. persons, to persons in the United States or to persons for the account or benefit of a U.S. person or a person in the United States, the Resulting Issuer Warrant certificates and certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ‘U.S. SECURITIES ACT’), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF 0981624 B.C. LTD. AND ITS SUCCESSORS (THE ‘CORPORATION’) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION OR ITS SUCCESSORS, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES, PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF APPLICABLE AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER

THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION.

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE ‘GOOD DELIVERY’ IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. AT ANY TIME THAT THE CORPORATION IS A ‘FOREIGN ISSUER’ (AS DEFINED IN RULE 902 OF REGULATION S UNDER THE U.S. SECURITIES ACT), A NEW CERTIFICATE, BEARING NO LEGEND, THE DELIVERY OF WHICH WILL CONSTITUTE ‘GOOD DELIVERY’ MAY BE OBTAINED FROM THE WARRANT AGENT OF THE CORPORATION UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE WARRANT AGENT OF THE CORPORATION AND TO THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH ADDITIONAL DOCUMENTATION AS THE WARRANT AGENT OF THE CORPORATION MAY REQUEST.”

provided that if such Resulting Issuer Warrants are being transferred in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, and provided that the corporation is a “foreign issuer” within the meaning of Regulation S at the time of sale, the legend set forth in this Subsection may be removed by providing a declaration to the warrant agent (or as the corporation may otherwise prescribe from time to time).

#### **4.3 Treatment of the NHS Stock Options**

Upon the transaction in paragraph 3.1(a) becoming effective, each one (1) of post-Consolidation NHS Stock Options shall be exchanged for one (1) Resulting Issuer Stock Option and the NHS Stock Options will become null and void. On such exercise in accordance with the terms of such options, the Resulting Issuer shall cause to be issued and delivered to the holders of such options, the Resulting Issuer Shares deliverable to such holders on the basis of one Resulting Issuer Share for each Resulting Issuer Stock Option that is exercised.

### **ARTICLE 5 FRACTIONAL SHARES UPON CONVERSION**

#### **5.1 Fractional Shares Upon Conversion**

Notwithstanding anything to the contrary contained in this Agreement, no NHS Shareholder shall be entitled to, and BC0981624 will not issue, fractions of any securities in BC0981624.



## **ARTICLE 6 CERTIFICATES**

### **6.1 Certificates**

On the Effective Date, certificates evidencing NHS Shares, NHS Warrants and NHS Options shall cease to represent any claim upon or interest in NHS or Newco, respectively, other than the right of the holder to receive the consideration provided for in this Agreement.

## **ARTICLE 7 COVENANTS OF NHS**

### **7.1 Covenants of NHS**

NHS covenants and agrees with Newco and BC0981624 that it will:

- (a) use its best efforts to obtain the approval by the Holders of NHS Shares of the Amalgamation, this Agreement and the Transaction in accordance with the Act;
- (b) use its best efforts to cause each of the conditions precedent set forth in Section 13.1 and Section 12.1 that are applicable in respect of NHS to be complied with; and
- (c) subject to the approval of the shareholders of each of NHS and Newco being obtained for the completion of the Amalgamation and subject to all applicable regulatory approvals being obtained, including that of the Exchange for the Transaction, thereafter jointly with Newco file with the Companies and Personal Property Security Branch this Agreement, the Amalgamation Application, Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

## **ARTICLE 8 COVENANTS OF BC0981624**

### **8.1 Covenants of BC0981624**

BC0981624 covenants and agrees with NHS that it will:

- (a) sign a resolution as sole shareholder of Newco in favour of the approval of the Amalgamation, this Agreement and the Transaction in accordance with the Act;
- (b) use its best efforts to cause each of the conditions precedent set forth in Section 14.1 and Section 12.1 that are applicable in respect of BC0981624 to be complied with; and
- (c) subject to the approval of the holders of NHS Shares being obtained for the completion of the Amalgamation and obtaining all applicable regulatory

approvals including that of the Exchange for the Transaction, take all corporate action necessary to reserve for issuance a sufficient number of BC0981624 Shares to permit the issuance of BC0981624 Shares on the Amalgamation and a sufficient number of BC0981624 Shares as are issuable (i) upon the exercise of the Resulting Issuer Warrants; (ii) upon the exercise of the Resulting Issuer Compensation Options; and (iii) upon the exercise of the Resulting Issuer Stock Options.

## **ARTICLE 9 COVENANTS OF NEWCO**

### **9.1 Covenants of Newco**

Newco covenants and agrees with NHS and BC0981624 that it will not, from the date of execution hereof to the Effective Date, except with the prior written consent of NHS and BC0981624, conduct any business or do any other thing that could prevent Newco from performing any of its obligations hereunder.

## **ARTICLE 10 FURTHER COVENANTS OF NEWCO**

### **10.1 Further Covenants of Newco**

Newco further covenants and agrees with NHS that it will:

- (a) use its best efforts to cause each of the conditions precedent set forth in Section 14.1 and Section 12.1 that are applicable in respect of Newco to be complied with; and
- (b) subject to the approval of the shareholders of each of NHS and Newco being obtained for the completion of the Amalgamation and subject to all applicable regulatory approvals being obtained, thereafter jointly with NHS file with the Companies and Personal Property Security Branch this Agreement, the Amalgamation Application, the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

## **ARTICLE 11 REPRESENTATIONS AND WARRANTIES**

### **11.1 Representation and Warranty of BC0981624**

BC0981624 represents and warrants to and in favour of NHS and Newco, and acknowledges that NHS and Newco are relying upon such representation and warranty, that BC0981624 is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against BC0981624 in accordance with its terms.

### **11.2 Representation and Warranty of NHS**

NHS represents and warrants to and in favour of BC0981624 and Newco, and acknowledges that BC0981624 and Newco are relying upon such representation and warranty, that NHS is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against NHS in accordance with its terms.

### **11.3 Representation and Warranty of Newco**

Newco represents and warrants to and in favour of NHS and BC0981624, and acknowledges that NHS and BC0981624 are relying upon such representation and warranty, that Newco is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Newco in accordance with its terms.

## **ARTICLE 12 GENERAL CONDITIONS PRECEDENT**

### **12.1 General Conditions Precedent**

The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction of the following conditions, which, except for Section 12.1(a) below, may be waived by the consent of each of the parties without prejudice to their rights to rely on any of the other conditions in this Section 12.1:

- (a) this Agreement and the transactions contemplated hereby, including, in particular, the Amalgamation, being approved by (i) the board of directors of BC0981624; (ii) the board of directors of Newco; (iii) the board of directors of NHS; (iv) the sole shareholder of Newco; and (v) the Holders of NHS Shares, in accordance with the Act;
- (b) all the conditions required to complete the Transaction hereunder being met or waived;
- (c) all conditions set out in the Acquisition Agreement with respect to the Transaction having been met or waived;
- (d) all necessary regulatory approvals having been obtained, including any approvals in connection with the issuance and distribution of the securities of BC0981624 to be issued pursuant to the Amalgamation;
- (e) the BC0981624 Shares, the Resulting Issuer Warrants and the BC0981624 Shares to be issued on the exercise of: (i) the Resulting Issuer Warrants, (ii) the Resulting Issuer Compensation Options, and (iii) the Resulting Issuer Stock Options shall have been conditionally approved for listing by the Exchange, subject to BC0981624 fulfilling the Exchange's listing requirements;
- (f) none of the consents, orders and approvals, including regulatory approvals, required or necessary or desirable for the completion of the transactions provided for in this Agreement shall contain terms or conditions or require undertakings or

security deemed unsatisfactory or unacceptable by any of BC0981624 or NHS, acting reasonably; and

- (g) there shall not exist any prohibition at law, order or decree restraining or enjoining the consummation of the Amalgamation.

### **ARTICLE 13**

#### **CONDITIONS TO THE OBLIGATIONS OF BC0981624 AND NEWCO**

##### **13.1 Conditions to the Obligations of BC0981624 and Newco**

The obligations of BC0981624 and Newco to consummate the transactions contemplated hereby, are subject to the satisfaction, on or before the Effective Date, of the conditions for the benefit of BC0981624 set forth in the Acquisition Agreement governing the terms and conditions of the Transaction and of the following conditions, which, except for Section 13.1(b) below, may be waived by the consent of BC0981624 and/or Newco without prejudice to their rights to rely on any other such conditions:

- (a) each of the acts of BC0981624 to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by it and no event shall have occurred that could have a Material Adverse Effect on BC0981624, taken as a whole, from and after the date hereof;
- (b) the BC0981624 board of directors and shareholders shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by BC0981624 to permit the consummation of the Amalgamation;
- (c) since the date hereof, no action, suit or proceeding shall have been taken before or by any governmental entity or by any private person (including, without limitation, any individual, corporation, firm, group or other entity or by any elected or appointed public official in Canada or elsewhere) against NHS (whether or not purportedly on behalf of NHS) that would, if successful, have a Material Adverse Effect on NHS, in the sole discretion of BC0981624, acting reasonably; and
- (d) BC0981624 and Newco shall have received a certificate from a senior officer of NHS confirming that the conditions set forth in this Section 13.1 and the conditions set forth in Section 12.1 that are applicable in respect of NHS have been satisfied.

The conditions described above are for the exclusive benefit of BC0981624 and Newco and may be asserted by BC0981624 and Newco regardless of the circumstances or may be waived by BC0981624 and Newco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which BC0981624 and Newco may have.

**ARTICLE 14**  
**CONDITIONS TO OBLIGATIONS OF NHS**

**14.1 Conditions to Obligations of NHS**

The obligations of NHS to consummate the transactions contemplated hereby and in particular the Amalgamation are subject to the satisfaction, on or before the Effective Date, of the conditions for the benefit of NHS set forth in the Acquisition Agreement governing the terms and conditions of the Transaction and of the following conditions, which, except for Section 14.1(b) below, may be waived by NHS without prejudice to its rights to rely on any other such conditions:

- (a) each of the acts of BC0981624 and Newco to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by them and no event shall have occurred that could have a Material Adverse Effect on BC0981624 or Newco, taken as a whole, from and after the date hereof;
- (b) the board of directors and shareholders of each of BC0981624 and Newco shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by BC0981624 and Newco to permit the consummation of the Amalgamation;
- (c) since the date hereof, no action, suit or proceeding shall have been taken before or by any governmental entity or by any private person (including, without limitation, any individual, corporation, firm, group or other entity or by any elected or appointed public official in Canada or elsewhere against BC0981624 (whether or not purportedly on behalf of BC0981624) that would, if successful, have a Material Adverse Effect on BC0981624, in the sole discretion of NHS, acting reasonably; and
- (d) NHS shall have received a certificate from a senior officer of each of BC0981624 and Newco confirming that the conditions set forth in Section 12.1 that are applicable to BC0981624 and Newco and the conditions set forth in this Section 14.1 have been satisfied.

The conditions described above are for the exclusive benefit of NHS and may be asserted by NHS regardless of the circumstances or may be waived by NHS in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which NHS may have.

**ARTICLE 15**  
**AMENDMENT**

**15.1 Amendment**

This Agreement may be amended prior to its approval by the shareholders of the Amalgamating Corporations, by written agreement of the parties hereto without, subject to applicable law,

further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein,

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by NHS Shareholders or warrant holders upon the Amalgamation, if any, without approval by the NHS Shareholders, given in the same manner as required for the approval of the Amalgamation.

## **ARTICLE 16 TERMINATION**

### **16.1 Termination**

This Agreement may be terminated prior to its approval by the shareholders of the Amalgamating Corporations, by mutual agreement of the respective boards of directors of the parties hereto, without further action on the part of the shareholders of NHS or Newco. This Agreement shall also terminate without further notice or agreement if:

- (a) the Amalgamation is not approved by the Holders of NHS Shares entitled to vote in accordance with the Act;
- (b) any of the conditions set out in Sections 12.1, 13.1 or 14.1 are not satisfied or, if capable of being waived, are not waived by the relevant party, as applicable, prior to the Effective Date; or
- (c) the Acquisition Agreement is terminated prior to the Effective Date.

## **ARTICLE 17 BINDING EFFECT AND COUNTERPARTS**

### **17.1 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.

## 17.2 Counterparts

This Agreement may be executed in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.

## ARTICLE 18 ASSIGNMENT

### 18.1 Assignment

No party to this Agreement may assign any of its rights or obligations hereunder without the prior written consent of each of the other parties.

## ARTICLE 19 FURTHER ASSURANCES

### 19.1 Further Assurances

Each of the parties hereto agrees to execute and deliver such further instruments and to do such further acts and things as may reasonably be necessary or desirable to carry out the intent of this Agreement.

## ARTICLE 20 NOTICE

### 20.1 Notice

Any notice which a party may desire to give or serve upon another party shall be in writing and may be delivered, mailed by prepaid registered mail, return receipt requested or sent by facsimile or electronic transmission to the following addresses:

- (a) if to BC0981624 or Newco:

1850 – 1066 West Hastings Street  
Vancouver, B.C. V6E 3X2

Attention: Anthony Chan  
E-mail: anthony@achan-co.com

- (b) if to NHS:

106, 1641 Lonsdale Avenue  
North Vancouver, B.C. V7M 2T5

Attention: Carman Parente  
E-mail: roygbiv@telus.net

or to such other address as the party to or upon whom notice is to be given or served has communicated to the other parties by notice given or served in the manner provided for in this section. In the case of delivery or electronic transmission, notice shall be deemed to be given, if prior to 5:00 pm local time at place of receipt, on the date of delivery or transmission or, if after 5:00 pm local time at the place of receipt, on the next following business day, and in the case of mailing, notice shall be deemed to be given on the third (3<sup>rd</sup>) Business Day after such mailing.

## **ARTICLE 21 TIME OF ESSENCE**

### **21.1 Time of Essence**

Time shall be of the essence of this Agreement.

## **ARTICLE 22 GOVERNING LAW**

### **22.1 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of BC and the laws of Canada applicable therein and the courts of BC shall have exclusive jurisdiction over every dispute hereunder. Each of the parties hereto irrevocably attorns to the jurisdiction of the courts of BC.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**



**IN WITNESS WHEREOF** this Agreement has been duly executed by the parties hereto as of the date first written above.

**NHS INDUSTRIES LTD.**

Per: "Carman Parente"  
Name: Carman Parente  
Title: Director, President & CEO

**0998955 B.C. LTD.**

Per: "Anthony Chan"  
Name: Anthony Chan  
Title: President

**0981624 B.C. LTD.**

Per: "Anthony Chan"  
Name: Anthony Chan  
Title: President



## **Appendix D**

### **Pro-Forma consolidated financial statements of New Age and NHS as at February 28, 2014**

**New Age Farm Inc.**  
Pro Forma Consolidated Financial Statements  
(Unaudited)

**February 28, 2014**  
(Expressed in Canadian Dollars)

**G\New Age Farm Inc.**  
Pro Forma Consolidated Statement of Financial Position  
(Unaudited)  
(Expressed in Canadian Dollars)

	New Age Farm Inc. February 28, 2014	NHS Industries Ltd. March 31, 2014	Pro Forma Adjustments Dr. / (Cr.)	Note 2	Pro Forma Consolidated February 28, 2014
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	\$ -	\$ 267	\$ 5,000 (5,000) 125,000	(b)-1 (b)-1 (b)-4	\$ 125,267
GST receivable	-	521			521
Subscription receivable	100	-	(100)	(b)-1	-
Due from shareholders	-	9,200			9,200
	100	9,988	124,900		134,988
<b>Property &amp; equipment</b>	-	1,274,083	-		1,274,083
<b>Property under development</b>	-	650,000	-		650,000
	\$ 100	\$ 1,934,071	\$ 124,900		\$ 2,059,071
<b>Liabilities And Shareholders' Equity</b>					
<b>Current</b>					
Accounts payable	\$ -	\$ 32,245	(30,000)	(b)-2	2,245
Accrued liabilities	-	-	-		-
Current portion of mortgage	-	17,178	-		17,178
	-	49,423	(30,000)		19,423
<b>Security deposit received</b>	-	7,000	-		7,000
<b>Promissory note</b>	-	-	-		-
<b>Secured loans</b>	-	1,320,444	(491,233)	(b)-3	829,211
<b>Long term portion of mortgage</b>	-	671,235	-		671,235
<b>Total liabilities</b>		2,048,102	(521,233)		1,526,869
<b>Shareholders' Equity</b>					
Share capital	100	784,783	(100) 5,000 30,000 600,000 125,000 (5,000) 243,367	(b)-1 (b)-1 (b)-2 (b)-3 (b)-4 (b)-5 (b)-5 & (c)	1,783,150
Contributed surplus	-	292,366	(108,767)	(b)-3	183,599
Retained earnings (deficit)	-	(1,191,180)	(5,000) 5,000 (243,367)	(b)-1 (b)-5 (b)-5 & (c)	(1,434,547)
	100	(114,031)	646,133		532,202
	\$ 100	\$ 1,934,071	\$ 124,900		\$ 2,059,071

See accompanying notes to the pro forma consolidated financial statements.

**New Age Farm Inc.**Pro Forma Consolidated Statement of Comprehensive Loss  
For Six Month Period Ended February 28, 2014

(Unaudited)

(Expressed in Canadian Dollars)

	New Age Farm Inc. Six Months Ended February 28, 2014	NHS Industries Ltd. Three Months Ended March 31, 2014	Pro Forma Adjustments Dr. / (Cr.)	Note 2	Pro Forma Consolidated New Age Farm Inc. February 28, 2014
<b>Revenue</b>					
Rent	\$ -	\$ 21,000	\$ -		\$ 21,000
Interest	-	2	-		2
		21,002	-		21,002
<b>Expenses</b>					
Amortization	-	6,261	-		6,261
Bank charges	-	38	-		38
Interest	-	15,800	-		15,800
Listing expense	-	-	243,367	(b)-5 & (c)	238,367
			(5,000)	(b)-5 & (c)	
Office and miscellaneous	-	32	-		32
Professional fees	-	41,429	-		41,429
Property taxes	-	(230)	-		(230)
Loss on extinguishment of notes payable	-	3,827	-		3,827
	-	67,157	238,367		305,524
<b>Net loss and comprehensive loss for the period</b>	\$ -	\$ (46,155)	\$ (238,367)		\$ (284,522)

See accompanying notes to the pro forma consolidated financial statements.

**New Age Farm Inc.**

Notes to the Pro Forma Consolidated Financial Statements

As At February 28, 2014

(Unaudited)

(Expressed in Canadian Dollars)

**1. BASIS OF PRESENTATION**

The accompanying pro forma consolidated financial statements have been prepared by management of New Age Farm Inc. ("NAF") and NHS Industries Ltd. ("NHS"), for illustrative purposes only, to show the effect of the proposed reverse takeover transaction (the "Transaction") between NAF and NHS, on the basis of the assumptions described in Note 2(a) below. All financial amounts are shown in Canadian dollars.

The pro forma consolidated financial statements have been derived from the unaudited condensed interim financial statements of NAF as of February 28, 2014, and the unaudited condensed interim financial statements of NHS as of March 31, 2014. NHS is considered as the acquirer under the Transaction.

The pro forma consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position of NAF on the date of completion of the proposed Transaction.

**2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS**

- (a) NAF entered into an agreement with NHS (the "Agreement") to acquire all of the issued and outstanding securities of NHS from NHS security holders pursuant to a three-cornered amalgamation in consideration for securities of NAF on a 1 share for 1 share basis. This Transaction will constitute a reverse takeover of NAF by NHS shareholders.
- (b) The adjustments also take into consideration of all equity and debt financings raised by NHS subsequent to its period ended March 31, 2014:
  - 1. NAF cancelled its one hundred incorporator share, received from Five Nines Ltd. ("Five Nines"), its former parent company, \$5,000 cash and the NHS LOI with a fair value of \$Nil. NAF completed its push out from its parent company by issuing 2,433,667 of its common shares and distributed them to the shareholders of Five Nines as of record date of December 31, 2013. At the same time, Five Nines also charged a consulting fee, including GST, of \$5,000 to NAF in relation to completion of the Plan of Arrangement.
  - 2. On April 8, 2014, NHS settled debts of \$30,000 payable to external parties into shares of NHS at \$0.03 per common share for a total of 1,000,000 common shares.
  - 3. On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.10 per common shares of the Company and issued a total of 6,000,000 common shares.
  - 4. NHS intends to raise up to \$125,000 equity financings for 1,250,000 NHS shares at \$0.10 per share prior closing of the Transaction. No finders' fee will be paid.
  - 5. Under the Agreement, NAF will issue an aggregate of 33,159,424 NAF shares to NHS Shareholders on a 1 NAF share for each NHS share basis. On this basis, it is expected that on closing of the Transaction subsequent to the concurrent financing, the outstanding shares of NAF will be held as to 93.38% by NHS shareholders, and as to 6.62% by current NAF shareholders.

**New Age Farm Inc.**

Notes to the Pro Forma Consolidated Financial Statements

As At February 28, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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**2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)**

- (c) The fair value of net assets of NAF as at February 28, 2014, prior to the reverse takeover (“RTO”) were:

Subscription receivable	\$	100
Payable	\$	<u>-</u>
Net assets assumed	\$	<u>100</u>

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since NAF does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with NHS being identified as the acquirer with the transaction being measured at the fair value of the equity consideration issued to NAF.

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since NHS shareholders have issued shares with a fair value in excess of the net assets received, IFRS 2 would indicate that the difference is recognized in comprehensive loss as a reverse acquisition transaction cost.

The fair value of the consideration is determined based on the percentage of ownership the legal parent’s shareholders have in the combined entity after the reverse takeover transaction. By reference to the proposed private placement of 1,250,000 NHS common shares at \$0.10 per share prior to closing date of the Transaction, the fair value of each NAF common share at the time of the Transaction would be \$0.10. Accordingly, the fair value of the 6.62% (i.e. 2,433,667 shares) of the share capital owned by former owners of NAF at the time of the Transaction was \$243,367.

The amount assigned to reverse acquisition transaction cost is \$243,267, being the difference between the fair values of the equity consideration (\$243,367) and the net identifiable assets of NAF (\$100). Under IFRS, this amount is included in the statement of comprehensive loss.

Consideration	\$	243,367
Net monetary assets acquired		<u>( 100)</u>
Listing expense	\$	<u>243,267</u>

**New Age Farm Inc.**

Notes to the Pro Forma Consolidated Financial Statements

As At February 28, 2014

(Unaudited)

(Expressed in Canadian Dollars)

**3. SHARE CAPITAL**

Share capital as at February 28, 2014 in the unaudited pro forma consolidated statement of financial position is comprised of the followings:

	<b>Number of Shares</b>		<b>Amount</b>
Authorized			
Unlimited common shares without par value			
Issued			
NAF common share outstanding as at February 28, 2014	100	\$	100
Cancellation of incorporator share	(100)		(100)
NAF completed its push out from Five Nines	2,433,667		5,000
NHS common shares outstanding as at March 31, 2014	26,159,424		784,783
NHS settled debts of \$30,000 at \$0.03 per common share	1,000,000		30,000
NHS settled debts of \$600,000 at \$0.10 per common share	6,000,000		600,000
NHS proposed financings at \$0.10 per common share	1,250,000		125,000
NAF common shares upon RTO	(2,433,667)		(5,000)
RTO	2,433,667		243,367
Common shares outstanding after RTO	36,843,091	\$	1,783,150





**Appendix E**  
**Audited financial statements of NHS Industries Ltd.**  
**for the year ended December 31, 2013**

**Unaudited condensed interim financial statements of NHS Industries Ltd.**  
**For the three months ended March 31, 2014**

**NHS INDUSTRIES LTD.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**  
**AUDITED**  
(Expressed in Canadian dollars)

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**A CHAN AND COMPANY LLP**  
**CHARTERED ACCOUNTANTS**

## **INDEPENDENT AUDITORS' REPORT**

To: the Shareholders of  
NHS Industries Ltd.

We have audited the accompanying financial statements of NHS Industries Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2013 and December 31, 2012, and the statements of operations and comprehensive operations, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years ended December 31, 2013, December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years ended December 31, 2013, December 31, 2012 and December 31, 2011 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 the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*"A Chan and Company LLP"*  
Chartered Accountants

Vancouver, British Columbia  
March 20, 2014

**NHS Industries Ltd.**  
**Statements of Financial Position**  
**(expressed in Canadian dollars)**

	December 31, 2013	December 31, 2012
<b>Current</b>		
Cash	\$5,889	\$35
Investment (Note 3)	-	50,556
	<u>5,889</u>	<u>50,591</u>
<b>Property, plant and equipment</b> (Note 4)	<b>1,280,346</b>	1,306,045
<b>Property under development</b> (Note 5)	<b>650,000</b>	650,000
	<u>650,000</u>	<u>650,000</u>
<b>Total assets</b>	<b>\$1,936,235</b>	<b>\$2,006,636</b>
<b>Current</b>		
Accounts payable	\$6,355	\$11,944
Accrued liabilities	20,000	-
Due to related parties (Note 6)	-	55,189
Due to shareholders (Note 6)	-	2,267,788
Current portion of mortgage (Note 7)	16,997	16,544
	<u>43,352</u>	<u>2,351,465</u>
<b>Security deposit received</b>	<b>7,000</b>	-
<b>Promissory note</b> (Note 12)	<b>275,103</b>	-
<b>Long term portion of mortgage</b> (Note 7)	<b>675,598</b>	692,595
<b>Total liabilities</b>	<b>1,001,053</b>	3,044,060
<b>Shareholders' equity (deficiency)</b>		
Shares capital (Note 8)	2,004,783	1
Contributed surplus	75,424	-
Deficit, per accompanying statement	(1,145,025)	(1,037,425)
	<u>935,182</u>	<u>(1,037,424)</u>
<b>Total shareholders' equity (deficiency)</b>	<b>935,182</b>	(1,037,424)
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$1,936,235</b>	<b>\$2,006,636</b>

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on March 20, 2014:

“Carman Parente”  
 Director – Carman Parente

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

**NHS Industries Ltd.**  
**Statements of Operations and Comprehensive Operations**  
**(expressed in Canadian dollars)**

<b>Years Ended</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Revenue</b>			
Rent	\$ 49,000	\$ -	\$ 2,000
Interest	102	1	-
	<b>49,102</b>	1	2,000
<b>Expenses</b>			
Amortization	25,699	26,584	19,965
Bank charges	299	269	257
Insurance	17,107	12,969	14,304
Interest	32,582	44,971	54,189
Management and administration fees	2,100	-	3,600
Office and miscellaneous	1,849	-	46
Professional fees	20,600	-	-
Property taxes	1,165	1,242	1,340
Utilities	4,744	-	-
	<b>106,145</b>	86,035	93,701
<b>Other expense</b>			
Write off of investment	(50,557)	-	-
	<b>(50,557)</b>	-	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (107,600)</b>	<b>\$ (86,034)</b>	<b>\$ (91,701)</b>
<b>Loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (8,603)</b>	<b>\$ (9,170)</b>
<b>Weighted average number of shares outstanding</b>	<b>5,492,565</b>	10	10

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

**NHS Industries Ltd.**  
**Statements of Changes in Shareholders' Equity (Deficiency)**  
**(expressed in Canadian dollars)**

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholder s' Equity (Deficiency)
<b>Balance, December 31, 2012</b>	<b>10</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ (1,037,425)</b>	<b>\$(1,037,424)</b>
Shares issued for debt	66,826,081	2,004,782	-	-	2,004,782
Discount on promissory note	-	-	75,424	-	75,424
Loss for the year	-	-	-	(107,600)	(107,600)
<b>Balance, December 31, 2013</b>	<b>66,826,091</b>	<b>\$ 2,004,783</b>	<b>\$ 75,424</b>	<b>\$ (1,145,025)</b>	<b>\$ 935,182</b>

	Number of Shares	Share Capital	Deficit	Shareholder's Equity (Deficiency)
<b>Balance, December 31, 2011</b>	<b>10</b>	<b>\$ 1</b>	<b>\$ (951,391)</b>	<b>\$ (951,390)</b>
Loss for the year	-	-	(86,034)	(86,034)
<b>Balance, December 31, 2012</b>	<b>10</b>	<b>\$ 1</b>	<b>\$ (1,037,425)</b>	<b>\$ (1,037,424)</b>

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

**NHS Industries Ltd.**  
**Statements of Cash Flows**  
**(expressed in Canadian dollars)**

<b>Years Ended</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Cash flows from (used in)</b>			
<b>Operating activities</b>			
Net loss for the year	\$ (107,600)	\$ (86,034)	\$ (91,701)
Items not affecting cash:			
Write off of investment	50,557	-	-
Accrued interest	2,790	-	-
Amortization	25,699	26,584	19,965
	(28,554)	(59,450)	(71,736)
<b>Changes in non-cash working capital items:</b>			
Security deposit	7,000	-	-
Accounts payable and accrued liabilities	26,255	292	4,575
<b>Net cash used in operating activities</b>	<b>4,701</b>	<b>(59,158)</b>	<b>(67,161)</b>
<b>Investing activity</b>			
Investment	-	-	(50,556)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>(50,556)</b>
<b>Financing activities</b>			
Due to related parties	(1,898)	15,446	(1,982)
Due to shareholders	19,595	59,486	130,062
Mortgage	(16,544)	(13,855)	(13,846)
	1,153	61,077	114,234
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>5,854</b>	<b>1,919</b>	<b>(3,483)</b>
<b>Cash (bank indebtedness), beginning of the year</b>	<b>35</b>	<b>(1,884)</b>	<b>1,599</b>
<b>Cash (bank indebtedness ), end of the year</b>	<b>\$ 5,889</b>	<b>\$ 35</b>	<b>\$ (1,884)</b>
<b>Interest paid</b>	<b>\$ 29,792</b>	<b>\$ 44,971</b>	<b>\$ 54,189</b>
<b>Income tax paid</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-cash Transactions:</b>			
<b>Shares and promissory note issued for debts</b>	<b>\$ 2,352,520</b>	<b>\$ -</b>	<b>\$ -</b>

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

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

627073 B.C. Ltd. was incorporated on May 4, 2001 under the British Columbia Business Corporation Act and changed its name to “NHS Industries Ltd.” (the “Company”) on September 17, 2010. The Company’s principal business is the provisions of a property rental service and a development of real estate property and facility.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

At December 31, 2013, the Company had working capital deficiency of \$37,463 (2012 - \$2,300,874), had not yet achieved profitable operations, has accumulated losses of \$1,145,025 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of Compliance and Basis of Presentation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

**(b) Revenue recognition**

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

**(c) Foreign currency translation**

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments**

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument's contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company's financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash and bank indebtedness	Fair value through profit or loss
Investment	Available-for-sale
Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related Parties, due to shareholders, promissory note and mortgage	Other financial liabilities

**Financial assets**

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

*Financial liabilities*

The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities. The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and amounts due to related parties, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

*Impairment of financial assets*

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries 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. 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.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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**3. INVESTMENT**

The investment in a private company is classified as Available for Sale and measured at cost as this investment does not have a quoted market price in an active market. During the year ended December 31, 2013, the Company wrote off its investment of \$50,556.

**4. PROPERTY, PLANT AND EQUIPMENT**

	2013			2012
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Building	213,800	92,646	121,154	135,406
Greenhouse	298,626	52,390	246,236	254,768
Furniture, fixture and equipment	21,423	11,864	9,559	11,018
Motor Vehicle	23,776	20,379	3,397	4,853
	<u>\$ 1,457,625</u>	<u>\$ 177,279</u>	<u>\$ 1,280,346</u>	<u>\$ 1,306,045</u>

**5. PROPERTY UNDER DEVELOPMENT**

At December 31, 2013, the Company is in the process of building a facility, which will contain an operating kitchen, a warehouse space and a cold storage facility. As at December 31, 2013, the Company has incurred expenditures of \$650,000 (December 31, 2012: \$650,000) on this development.

**6. DUE TO SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

The amounts of \$nil (2012 - \$55,189) due to related parties, companies owned by shareholders of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

The amounts of \$nil (2012 - \$2,267,788) due to shareholders of the Company are non-interest bearing, unsecured and without fixed terms of repayment.

On December 1, 2013, the amounts of \$1,562,083 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company and a promissory note of \$347,737. (Note 8 and 12)

**7. MORTGAGE**

The Company has negotiated a credit facility with the BlueShore Financial (the "BSF") for a commercial mortgage.

The commercial mortgage bears interest at 4.25% per annum until October 1, 2017. The mortgage requires monthly blended payments of \$3,842. Payments will be adjusted at a time of term renewal based on the fixed rate of interest in effect and the remaining amortization period.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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7. **MORTGAGE** (Continued)

The mortgage is secured by a rental property of the Company and an assignment of rents.

	2013	2012
Balance, beginning of the year	\$ 709,139	\$ 722,994
Principal payments made during the year	(16,544)	(13,855)
Balance, end of the year	692,595	709,139
Amount payable within one year	(16,997)	(16,544)
	<u>\$ 675,598</u>	<u>\$ 692,595</u>

Principal repayment terms are approximately as follows:

2014	\$ 16,997
2015	17,734
2016	18,502
2017	19,304
2018	20,141
Thereafter	599,917
	<u>\$ 692,595</u>

8. **SHARE CAPITAL**

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Authorized: Unlimited common shares without par value  
 Issued : 66,826,091 common shares (2012: 10 common shares)

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On December 1, 2013, the amounts of \$2,004,782 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company at a price of \$0.03 per share. (Note 6)

**9. CAPITAL DISCLOSURES**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes mortgage, due to related parties, due to shareholders, promissory note and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

**10. FINANCIAL INSTRUMENTS AND RISK FACTORS:**

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The company's cash and cash equivalents and bank indebtedness have been valued using Level 1 inputs.



**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

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10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(a) Fair values (continued)

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2013 as follows:

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 5,889	\$ -	\$ -	\$ 5,889
Investments	-	-	-	-
	\$ 5,889	\$ -	\$ -	\$ 5,889

(b) Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to HST/GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash with major Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at December 31, 2013, the Company had cash and cash equivalents of \$5,889 to settle current liabilities of \$43,352. The mortgage of \$692,595 has a term which will be renewed on October 1, 2017 and the promissory note of \$275,103 has a maturity date of December 1, 2015.

(d) 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.

i) 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. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments. The Company is susceptible to interest rate fair value risk on its mortgage payable that bears a fixed interest rate.

**NHS Industries Ltd.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2013 and 2012**  
**(expressed in Canadian dollars)**

10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(d) Market risk (continued)

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and major expenditures are transacted in Canadian dollars.

11. **INCOME TAXES**

The income taxes shown in the Statements of Operations differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	<b>2013</b>	<b>2012</b>
	<b>13.5%</b>	13.5%
Loss for the year	\$ (107,600)	\$ (86,034)
Expected income tax recovery	\$ (14,526)	\$ (11,614)
Items deductible and not deductible for income tax purposes	12,531	(399)
Current and prior tax attributes not recognized	1,995	12,013
	\$ -	\$ -

Details of deferred tax assets are as follows:

	<b>2013</b>	<b>2012</b>
Non-capital loss carryforwards	\$ 148,094	\$ 140,762
Investments	3,413	-
Equipment and others	(2,270)	6,480
Unrecognized deferred tax assets	(149,237)	(147,242)
	\$ -	\$ -

As at December 31, 2013, the Company had approximately \$1,000,000 of non-capital losses available, which begin to expire in 2027 through to 2033 and may be applied against future taxable income.

At December 31, 2013, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years

12. **PROMISSORY NOTE**

On December 1, 2013, the amounts of \$347,737 due to a company owned by an officer of the Company were settled for a promissory note of \$347,737. (Note 6) The promissory note is not interest-bearing and unsecured with a maturity date of December 1, 2015.

The note payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 13% per annum.

The debt discount of \$75,424 is credited to Contributed surplus, debited to note payable and being amortized over the term of the note.

The total discount of \$2,790 was charged to interest expense for the year ended December 31, 2013.

**NHS INDUSTRIES LTD.**  
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS PERIOD ENDED MARCH 31, 2014**

(Expressed in Canadian dollars)

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**MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED  
INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of NHS Industries Ltd. [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Carman Parente  
Director

Vancouver, BC  
July 2, 2014

**NOTICE TO READERS**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements for the three months period ended March 31, 2014 have not been reviewed by the Company's auditors.

**NHS Industries Ltd.**  
**Unaudited Condensed Interim Statements of Financial Position**  
**(expressed in Canadian dollars)**

	March 31, 2014	December 31, 2013
<b>Current</b>		
Cash	\$267	\$5,889
GST receivable	521	-
Due from shareholders	9,200	-
Investment (Note 3)	-	-
	<u>9,988</u>	5,889
<b>Property, plant and equipment</b> (Note 4)	<b>1,274,083</b>	1,280,346
<b>Property under development</b> (Note 5)	<b>650,000</b>	650,000
	<u>1,934,071</u>	<u>\$1,936,235</u>
<b>Current</b>		
Accounts payable	\$32,245	\$6,355
Accrued liabilities	-	20,000
Due to related parties (Note 6)	-	-
Due to shareholders (Note 6)	-	-
Current portion of mortgage (Note 7)	17,178	16,997
	<u>49,423</u>	43,352
<b>Security deposit received</b>	<b>7,000</b>	7,000
<b>Promissory note</b> (Note 12)	<b>-</b>	275,103
<b>Secured loans</b> (Note 11)	<b>1,320,444</b>	
<b>Long term portion of mortgage</b> (Note 7)	<b>671,235</b>	675,598
<b>Total liabilities</b>	<b>2,048,102</b>	1,001,053
<b>Shareholders' equity (deficiency)</b>		
Shares capital (Note 8)	784,783	2,004,783
Contributed surplus	292,366	75,424
Deficit, per accompanying statement	(1,191,180)	(1,145,025)
<b>Total shareholders' equity (deficiency)</b>	<b>(114,031)</b>	935,182
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$1,934,071</b>	<b>\$1,936,235</b>

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on July 2, 2014:

“Carman Parente”  
 Director – Carman Parente

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

**NHS Industries Ltd.**  
**Unaudited Condensed Interim Statements of Operations and Comprehensive Operations**  
**(expressed in Canadian dollars)**

<b>Three Months Period Ended</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Revenue</b>		
Rent	\$ 21,000	\$ -
Interest	2	-
<b>Total revenue</b>	<b>21,002</b>	<b>-</b>
<b>Expenses</b>		
Amortization	6,261	6,425
Bank charges	38	72
Insurance	-	3,992
Interest	15,800	7,530
Office and miscellaneous	32	-
Professional fees	41,429	-
Property taxes	(230)	-
	<b>63,330</b>	<b>18,019</b>
<b>Other expense</b>		
Loss on extinguishment of notes payable	3,827	-
<b>Total expenses</b>	<b>67,157</b>	<b>-</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (46,155)</b>	<b>\$ (18,019)</b>
<b>Loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (1,802)</b>
<b>Weighted average number of shares outstanding</b>	<b>66,826,091</b>	<b>10</b>

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

**NHS Industries Ltd.**

**Unaudited Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)**  
**(expressed in Canadian dollars)**

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholder s' Equity (Deficiency)
<b>Balance, December 31, 2013</b>	<b>66,826,091</b>	<b>\$ 2,004,783</b>	<b>\$ 75,424</b>	<b>\$ (1,145,025)</b>	<b>\$ 935,182</b>
Shares returned for cancellation	(41,666,667)	(1,250,000)	-	-	(1,250,000)
Shares issued for debts	1,000,000	30,000	-	-	30,000
Discount on secured loans	-	-	216,942	-	216,942
Loss for the period	-	-	-	(46,155)	(46,155)
<b>Balance, March 31, 2014</b>	<b>26,159,424</b>	<b>\$ 784,783</b>	<b>\$ 292,366</b>	<b>\$ (1,191,180)</b>	<b>\$ 114,031</b>

	Number of Shares	Share Capital	Deficit	Shareholder's Equity (Deficiency)
<b>Balance, December 31, 2012</b>	<b>10</b>	<b>\$ 1</b>	<b>\$ (1,037,425)</b>	<b>\$ (1,037,424)</b>
Loss for the period	-	-	(18,019)	(18,019)
<b>Balance, March 31, 2013</b>	<b>10</b>	<b>\$ 1</b>	<b>\$ (1,055,444)</b>	<b>\$ (1,055,443)</b>

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

**NHS Industries Ltd.**  
**Unaudited Condensed Interim Statements of Cash Flows**  
**(expressed in Canadian dollars)**

Three Months Period Ended	March 31, 2014	March 31, 2013
<b>Cash flows from (used in)</b>		
<b>Operating activities</b>		
Net loss for the year	\$ (46,155)	\$ (18,019)
Items not affecting cash:		
Loss on extinguishment of notes payable	3,827	-
Accretion of interest	8,456	-
Amortization	6,261	6,425
	(27,611)	(11,594)
<b>Changes in non-cash working capital items:</b>		
GST receivable	(521)	-
Accounts payable and accrued liabilities	35,892	-
<b>Net cash used in operating activities</b>	<b>7,760</b>	<b>(11,594)</b>
<b>Investing activity</b>		
Investment	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Due to/from shareholders	(9,200)	15,782
Mortgage	(4,182)	(4,170)
	(13,382)	11,612
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>(5,622)</b>	<b>18</b>
<b>Cash (bank indebtedness), beginning of the period</b>	<b>5,889</b>	<b>35</b>
<b>Cash (bank indebtedness ), end of the period</b>	<b>\$ 267</b>	<b>\$ 53</b>
<b>Interest paid</b>	<b>\$ 7,344</b>	<b>\$ 7,530</b>
<b>Income tax paid</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-cash Transactions:</b>		
<b>Extinguishment of notes payable</b>	<b>\$ 347,737</b>	<b>\$ -</b>
<b>Issuance of secured loans to extinguish notes payable</b>	<b>\$ 347,737</b>	<b>\$ -</b>
<b>Issuance of additional secured loans</b>	<b>\$ 1,250,000</b>	<b>\$ -</b>
<b>Common shares returned to treasury for cancellation</b>	<b>\$ 1,250,000</b>	<b>\$ -</b>

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



**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

627073 B.C. Ltd. was incorporated on May 4, 2001 under the British Columbia Business Corporation Act and changed its name to “NHS Industries Ltd.” (the “Company”) on September 17, 2010. The Company’s principal business is the provisions of a property rental service and a development of real estate property and facility.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

At March 31, 2014, the Company had working capital deficiency of \$39,435 (December 31, 2013 - \$37,463), had not yet achieved profitable operations, has accumulated losses of \$1,191,180 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of Compliance and Basis of Presentation**

These unaudited condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

**(b) Revenue recognition**

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

**(c) Foreign currency translation**

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these unaudited condensed interim financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments**

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument's contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company's financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash and bank indebtedness	Fair value through profit or loss
Investment	Available-for-sale
Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related Parties, due to shareholders, promissory note, secured loans and mortgage	Other financial liabilities

**Financial assets**

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

*Financial liabilities*

The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities. The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and accrued liabilities, amounts due to related parties, amounts due to shareholders, promissory note and secured loans, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

*Impairment of financial assets*

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries 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. 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.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

**3. INVESTMENT**

The investment in a private company is classified as Available for Sale and measured at cost as this investment does not have a quoted market price in an active market. During the year ended December 31, 2013, the Company wrote off its investment of \$50,556.

**4. PROPERTY, PLANT AND EQUIPMENT**

	March 31, 2014			December 31,
	Cost	Accumulated Amortization	Net Carrying Amount	2013 Net Carrying Amount
Land	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Building	213,800	96,211	117,589	121,154
Greenhouse	298,626	54,523	244,103	246,236
Furniture, fixture and equipment	21,423	12,174	9,249	9,559
Motor Vehicle	23,776	20,634	3,142	3,397
	<u>\$ 1,457,625</u>	<u>\$ 183,542</u>	<u>\$ 1,274,083</u>	<u>\$ 1,280,346</u>

**5. PROPERTY UNDER DEVELOPMENT**

At March 31, 2014, the Company is in the process of building a facility, which will contain an operating kitchen, a warehouse space and a cold storage facility. As at March 31, 2014, the Company has incurred expenditures of \$650,000 (December 31, 2013: \$650,000) on this development.

**6. DUE TO/FROM SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

The amounts of \$nil (2013 - \$nil) due to related parties, companies owned by shareholders of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

The amounts of (\$9,200) (2013 - \$nil) due to/(from) shareholders of the Company are non-interest bearing, unsecured and without fixed terms of repayment.

On December 1, 2013, the amounts of \$1,562,083 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company and a promissory note of \$347,737. (Note 8 and 12)

**7. MORTGAGE**

The Company has negotiated a credit facility with the BlueShore Financial (the "BSF") for a commercial mortgage.

The commercial mortgage bears interest at 4.25% per annum until October 1, 2017. The mortgage requires monthly blended payments of \$3,842. Payments will be adjusted at a time of term renewal based on the fixed rate of interest in effect and the remaining amortization period.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

7. **MORTGAGE** (Continued)

The mortgage is secured by a rental property of the Company and an assignment of rents.

	March 31, 2014	December 31, 2013
Balance, beginning of the period	\$ 692,595	\$ 709,139
Principal payments made during the period	(4,182)	(16,544)
Balance, end of the period	688,413	692,595
Amount payable within one year	(17,178)	(16,997)
	\$ 671,235	\$ 675,598

Principal repayment terms are approximately as follows:

2014	\$ 12,815
2015	17,734
2016	18,502
2017	19,304
2018	20,141
Thereafter	599,917
	\$ 688,413

8. **SHARE CAPITAL**

Authorized: Unlimited common shares without par value

Issued : 26,159,424 common shares (December 31, 2013: 66,826,091 common shares)

On December 1, 2013, the amounts of \$2,004,782 due to shareholders and related parties of the Company were settled for 66,826,081 common shares of the Company at a price of \$0.03 per share. (Note 6)

On March 31, 2014, 41,666,667 common shares of the Company were returned to treasury for cancellation by shareholders at average price of \$0.03 per share for total of \$1,250,000. In consideration, the Company issued non-interest bearing secured loans to two shareholders, to be due in two years. (Note 11)

The Company currently has 33,159,424 common shares outstanding.



**9. CAPITAL DISCLOSURES**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes mortgage, due to related parties, due to shareholders, promissory note, secured loans and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

**10. FINANCIAL INSTRUMENTS AND RISK FACTORS:**

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The company's cash and cash equivalents and bank indebtedness have been valued using Level 1 inputs.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(a) Fair values (continued)

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2014 as follows:

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 267	\$ -	\$ -	\$ 267
Investments	-	-	-	-
	\$ 267	\$ -	\$ -	\$ 267

(b) Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to HST/GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash with major Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at March 31, 2014, the Company had cash and cash equivalents of \$267 to settle current liabilities of \$49,423. The mortgage of \$688,413 has a term which will be renewed on October 1, 2017 and the secured loans of \$1,320,444 have a maturity date of March 31, 2016.

(d) 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.

i) 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. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments. The Company is susceptible to interest rate fair value risk on its mortgage payable that bears a fixed interest rate.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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10. **FINANCIAL INSTRUMENTS AND RISK FACTORS:** (continued)

(d) Market risk (continued)

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and major expenditures are transacted in Canadian dollars.

11. **SECURED LOANS**

On March 31, 2014, the note payable in the amount of \$347,737 (Note 12) due to a company owned by an officer of the Company was extinguished by the Company. In consideration for the extinguishment, the Company issued a non-interest bearing secured loan to replace the note payable. Together with the 25,000,000 common shares returned to treasury for cancellation at an agreed value of \$750,000, the Company entered into a secured loan agreement with this company. This is a non-interest bearing loan in the amount of \$1,097,737 to be due in two years on March 31, 2016 and secured by the Company's current and future assets secondary to the mortgage currently held by BlueShore Financial.

On the same date, another shareholder also returned 16,666,667 common shares of the Company to the treasury for cancellation at an agreed value of \$500,000. The Company also entered into a non-interest bearing loan agreement with this shareholder in the amount of \$500,000 to be due in two years on March 31, 2016 and secured by the Company's current and future assets with it rights subsequent to the registered holder described above.

The total secured loans of \$1,597,737 were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 10% per annum.

The debt discount of \$216,942 is credited to Contributed surplus, debited to secured loans and being amortized over the term of the note.

The total discount of \$nil was charged to interest expense for the period ended March 31, 2014.

12. **PROMISSORY NOTE**

On December 1, 2013, the amounts of \$347,737 due to a company owned by an officer of the Company were settled for a promissory note of \$347,737. (Note 6) The promissory note is not interest-bearing and unsecured with a maturity date of December 1, 2015.

The note payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 13% per annum.

The debt discount of \$75,424 is credited to Contributed surplus, debited to note payable and being amortized over the term of the note.

The total discount of \$8,456 was charged to interest expense for the period ended March 31, 2014. As at March 31, 2014, this note payable had a carrying value of \$283,559. By replacing this note payable with a secured loan for a further two years term at a reduced risk adjusted discounted rate of 10%, fair value of the same loan amount of \$347,737 issued to replace the note payable was calculated at \$287,386 and thus a loss on extinguishment of note payable of \$3,827 was realized and recognized as a charge to the statements of loss during the period ended March 31, 2014.

13. **SUBSEQUENT EVENTS**

On April 8, 2014, the Company issued 1,000,000 common shares of the Company at \$0.03 per share to settle a total debt of \$30,000 owing to an external service provider.

**NHS Industries Ltd.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For Period Ended March 31, 2014**  
**(expressed in Canadian dollars)**

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**13. SUBSEQUENT EVENTS (continued)**

On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.10 per common shares of the Company and issued a total of 6,000,000 common shares. The Company also amended this secured non-interest bearing loan in the amount of \$497,737 to be due in two years on June 30, 2016 and continue to be secured by the Company's current and future assets secondary to the mortgage currently held by BlueShore Financial.



**Appendix F**  
**Anticipated Billing Rates**  
**for New Age products and services**



### Production/Processing Fee Schedule

<b>Process:</b>	<b>Customer Run **(1)</b>	<b>Plant Run **(2)</b>
<b>Dehydrating &amp; Drying</b>		
2 hours	\$ 175.00	\$ 216.00
4 hours	\$ 250.00	\$ 325.00
8 hours	\$ 400.00	\$ 505.00
<b>Hot Fill</b>		
2 hours	\$ 140.00	\$ 180.00
4 hours	\$ 175.00	\$ 230.00
8 hours	\$ 300.00	\$ 495.00
<b>Fill Equipment</b>		
Plant Run		\$ 195.00
<b>Bakery (excluding extruder)</b>		
2 hours	\$ 150.00	\$ 200.00
4 hours	\$ 250.00	\$ 325.00
8 hours	\$ 375.00	\$ 495.00
<b>Extruder (only Plant run)</b>		
Min 6 hours		\$ 450.00
Setup		25.00
Cleanup		25.00
Total for 6 hour shift		<u>\$ 500.00</u>
<b>Lab Fees:</b>	<b><u>Equip Only</u></b>	<b><u>w/lab tech</u></b>
2 hours	\$ 150.00	\$ 220.00
4 hours	\$ 250.00	\$ 490.00
8 hours	\$ 350.00	\$ 800.00

**Note - all rates double for statutory holidays**

\*\* (1) Supervised usage by processing facility customers

\*\* (2) Fully staffed by processing facility with no customer participation



## Warehousing/Handling & Other Fees

### **Dry Storage**

Pallet Fee (per pallet)	\$	15.00
Pallet in/Out Fee (per pallet)	\$	25.00

### **Cold Storage**

Pallet Fee (per pallet)	\$	18.00
Pallet in/Out Fee (per pallet)	\$	25.00

**Note - Raw materials will be given a 7 day grace period if being used for ingredients in processing plant**

### **Storage with pic n' pac fees:**

#### **Percentage of Sales**

First \$50,000	5.5%
Next \$50,000	5.0%
Next \$50,000	4.5%
Over \$200,000	4.0%

### **Other Charges**

Document Processing (each)	\$	4.75
Pic n'pac (each)	\$	3.75

#### **Note- Pallet fee waived if used for pic n' pac**

Labour Charge (repacks, etc.) (per hour)	\$	45.00
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#### **Note - Billed in 1/2 hour increments**

Photocopies (per page)	\$	1.00
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### **Inventory**

1 Inventory item allowed per year at no charge		
Additional inventory items (per SKU)	\$	5.00
Receiving of goods N/C		
Freight charges if shipped by Canada Post	CP fee + 0.25%	

**Note - if carrier other than Canada Post, vendor/customer must have account with carrier**



**Appendix G**  
**Financial statements of New Age Farm Inc.**



**NEW AGE FARM INC.**  
**(formerly 0981624 B.C. Ltd.)**

Unaudited Condensed Interim Financial Statements

For the Period From Incorporation on September 27, 2013 to February 28, 2014

(Expressed in Canadian dollars)

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**MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED  
INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of New Age Farm Inc. (formerly 0981624 BC Ltd). [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Carman Parente  
Director

Vancouver, BC  
June 9, 2014

**NOTICE TO READERS**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements for the period from incorporation on September 27, 2013 to February 28, 2014 have not been reviewed by the Company's auditors.

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Unaudited Condensed Interim Statement of Financial Position

(Expressed in Canadian dollars)

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**February 28, 2014**  
**\$**

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<b>Assets</b>	
Current	
Subscriptions receivable	100
<b>Total Assets</b>	<b>100</b>
<b>Liabilities and Shareholders' Equity</b>	
<b>Current Liabilities:</b>	
Accrued liabilities	-
	-
<b>Shareholders' Equity:</b>	
Capital stock (Note 5)	100
Deficit	-
	100
<b>Total Liabilities and Shareholders' Equity</b>	<b>100</b>

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**Nature and Continuance of Operations (Note 1)**

**Commitment (Note 4)**

**Subsequent Events (Note 11)**

**Approved and authorized for issue by the Board of Directors on June 9, 2014:**

*"Carman Parente"*

Carman Parente, Director

*"Anthony Chan"*

Anthony Chan, Director

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**NEW AGE FARM INC.****(formerly 0981624 B.C. LTD.)**

Unaudited Condensed Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

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	<b>Three Months Ended February 28, 2014</b>	<b>From Incorporation Date on September 27, 2013 to February 28, 2014</b>
<b>Expenses</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net loss and total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>
<b>Basic and diluted loss per common share</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Weighted average number of common shares outstanding</b>	<b>1</b>	<b>1</b>

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The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**NEW AGE FARM INC.****(formerly 0981624 B.C. LTD.)**

Unaudited Condensed Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars except the number of shares)

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	<b>Number of Outstanding Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
		\$	\$	\$	\$
<b>Share issued for cash on incorporation, September 27, 2013 Note (5)</b>	100	100	–	–	100
<b>Net loss and comprehensive loss for the period</b>	–	–	–	–	–
<b>Balance, February 28, 2014</b>	100	100	–	–	100

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The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**NEW AGE FARM INC.**  
**(formerly 0981624 B.C. LTD.)**  
 Unaudited Condensed Interim Statement of Cash Flows  
 (Expressed in Canadian dollars)

	Three Months Ended February 28, 2014	From Incorporation Date on September 27, 2013 to February 28, 2014
<b>Cash (used in) /provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	\$ -	\$ -
Change in non-cash working capital components		
Subscriptions receivable	-	(100)
<b>Net cash provided by (used in) operating activities</b>	-	(100)
<b>Financing activities</b>		
Share issuance on incorporation	-	100
<b>Net cash provided by financing activities</b>	-	100
<b>Investing activity</b>		
<b>Net cash used in investing activities</b>	-	-
<b>Change in cash</b>	-	-
<b>Cash, beginning of the period</b>	-	-
<b>Cash, end of the period</b>	\$ -	\$ -
<b>Cash paid during the period for interest expense</b>		
	\$ -	\$ -
<b>Cash paid during the period for income taxes</b>		
	\$ -	\$ -

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

## **NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

February 28, 2014

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

0981624 BC Ltd. (the "Company") was incorporated on September 27, 2013 and, pursuant to a plan of arrangement (the "Arrangement") between the Company and Five Nines Ventures Ltd. ("Five Nines") dated October 7, 2013, it will acquire the letter of intent signed between Five Nines and NHS Industries Ltd. ("NHS LOI") and \$5,000 in cash from Five Nines as part of the arrangement agreement (the "Arrangement Agreement"), and will commence its business as an agriculture based business in Langley of British Columbia. As consideration for this asset, the Company will issue 16,909,168 common shares, multiplied by the Conversion Factor, as defined in the Arrangement Agreement, which shares will be distributed to the Five Nines shareholders who hold Five Nines shares on the share distribution record date. Five Nines completed the Arrangement on April 1, 2014 and transferred \$5,000 cash and assigned the NHS LOI to the Company on April 1, 2014. The Company initiated the share distribution in June of 2014 and issued 2,433,667 common shares to Five Nines, which were then re-distributed to the shareholders of Five Nines as of record date of December 31, 2013. The Company also approved a further 10:1 share consolidation through a director resolution and the shareholders of Five Nines as of record date of December 31, 2013 thus will own a total of 243,367 common shares of the Company after the share consolidation. The Company, after amalgamating with NHS, will be a start-up stage company and the Langley project is a five and a half acre area devoted to growing and eventually being able to process, package and store finished food based products either in cold storage or dry storage before being shipped to their final destination. NHS has already invested significant amounts to date in product development and feasibility studies. The current business objective of the Company is to raise \$3,000,000 to build and operate a state of the art warehouse / processing facility to generate near term cash flow. This business plan is clearly a comprehensive review of the critical factors that would add capacity through a modular and fee based approach that is designed to support small and medium producers. Accordingly, the Company's financial success may be dependent upon the extent to which it can develop its Langley project and the economic viability of acquiring, or developing any such additional projects on the property.

The head office and principal office of the Company is located at #106, 1641 Lonsdale Avenue, North Vancouver, B.C., V7M 2T5.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully commercialize the Langley project and the economic viability of entering into any additional projects on the property in the future.

The commercialization of the Langley project may take many years to be in successful operation and the amount of resulting income, if any, is difficult to determine with any certainty. As a development stage company, the Company does not anticipate producing revenues for some time, other than from incidental revenue and the sales of marketable securities, if any. On February 28, 2014, the Company had not yet achieved profitable operations, a deficit of \$Nil, a working capital of \$1, and expects to incur further losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

**NEW AGE FARM INC.****(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

February 28, 2014

(Expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

These unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. BASIS OF PRESENTATION**

The Company was incorporated on September 27, 2013. These unaudited condensed interim financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These unaudited condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

**3. SIGNIFICANT ACCOUNTING POLICIES****a. Significant accounting judgments and estimates**

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates 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 judgments and estimates. The unaudited condensed interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the unaudited condensed interim 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 the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the unaudited condensed interim financial statements are discussed in Notes 3d), 3e), 3f) and 3i).



**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at February 28, 2014, there is \$Nil included as cash equivalents.

c. Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

d. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

e. Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

February 28, 2014

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Financial instruments (continued)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities and due to related parties are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
Subscriptions receivable	Loans and receivable
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Financial instruments (continued)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

f. Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

February 28, 2014

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Impairment (continued)

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

g. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

h. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

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(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j. Accounting standards, interpretations and amendments to existing standards that are not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after August 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption.

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its financial statements.

**NEW AGE FARM INC.**

**(formerly 0981624 B.C. LTD.)**

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(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- j. Accounting standards, interpretations and amendments to existing standards that are not yet effective (continued)

The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

- k. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the development of the agriculture based business in Langley of British Columbia.

## NEW AGE FARM INC.

(formerly 0981624 B.C. LTD.)

Notes to the Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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### 4. COMMITMENT

The Company has no commitment other than the NHS LOI transferred from its former parent company, Five Nines. As at the date of these financial statements, definitive agreement has been entered into with NHS (see Note 11).

### 5. CAPITAL STOCK

- a. Authorized: unlimited Common shares without par value
- b. Issued and Outstanding:

	Number of Shares	Amount (\$)
Common shares issued for cash	100	100
<b>Balance as at February 28, 2014</b>	<b>100</b>	<b>100</b>

One common share was issued at \$1 per common share on September 27, 2013 to Five Nines. The incorporator share was cancelled in June of 2014.

As discussed in Note 1, the Company issued 2,433,667 common shares to Five Nines and Five Nines re-distributed these shares to its shareholders as of the record date of December 31, 2013. The aggregate fair value of these shares in the amount of \$5,000 was based on the fair value estimates of assets transferred from Five Nines to the Company. On April 1, 2014, Five Nines transferred \$5,000 cash and assigned the NHS LOI valued at \$Nil to the Company. The Company currently has 243,367 common shares issued and outstanding after a further 10:1 shares consolidation (See Note 11).

#### Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at and during the period ended February 28, 2014, no option was granted or outstanding.

### 6. NHS LETTER OF INTENT

On September 12, 2013, Five Nines entered into a letter of intent with NHS Industries Ltd. ("NHS") and the shareholders of NHS, owners of 100% of the issued and outstanding capital stock of NHS, with respect to a proposed transaction in which NHS will form a subsidiary to purchase all of the issued and outstanding capital stock of NHS. NHS has 100% ownership of an agriculture based business in Langley, British Columbia. The Langley project is a five and a half acre area devoted to growing and eventually being able to process, package and store finished food based products either in cold storage or dry storage before being shipped to their final destination. The purchase price shall be paid on the date of closing by the issuance of approximately 40,000,000 post-consolidated common shares of the capital stock of the Company at a deemed price of \$0.05 per common share to the shareholders of NHS. The exact number of shares to be issued by the Company shall be determined prior to entering into the definitive agreement (See Note 11).

**NEW AGE FARM INC.****(formerly 0981624 B.C. LTD.)**

Notes to the Unaudited Condensed Interim Financial Statements

February 28, 2014

(Expressed in Canadian dollars)

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**7. CAPITAL DISCLOSURES**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the development of the agriculture based business in Langley of British Columbia. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

**8. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, subscription receivable and accrued liabilities. Cash is stated at fair value and classified within Level 1 of the fair value hierarchy. The fair values of accrued liabilities approximate their carrying values due to their short-term nature of these instruments.

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

Strategic and operational risks are risks that arise if the Company fails to develop the agriculture based business in Langley of British Columbia. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

The Company's credit risk was primarily attributable to bank balances and subscriptions receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. Subscriptions receivable is due from the director of the company and management believes that the credit risk to be minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2014, the Company had cash balance of \$Nil and current liabilities of \$Nil. All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.



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**8. FINANCIAL INSTRUMENTS (continued)**

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

**9. RELATED PARTY TRANSACTIONS**

- a. As at February 28, 2014, the Company also had a subscription receivable of \$100 to be received from Five Nines. During the period ended February 28, 2014, the Company accrued \$Nil of consulting fees to Five Nines.

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

**10. SEGMENTED INFORMATION**

During the period ended February 28, 2014, the Company had one reportable operating segment, being the development of the agriculture based business in Langley of British Columbia.

**11. SUBSEQUENT EVENTS**

Subsequent to the period ended February 28, 2014, the Company has completed the Plan of Arrangement and issued 2,433,667 common shares in exchange for \$5,000 cash and the NHS LOI. Such shares were also re-distributed to shareholders of Five Nines as of record date of December 31, 2013.

The articles of the Company provide that the board of directors may, by resolution of the directors, subdivide or consolidate all or any of its unissued, or fully paid, issued shares. On April 10, 2014, the directors of the Company believed that it is in the best interests of the Company and approved to consolidate the issued and outstanding common shares in the capital of the Company on the basis of one (1) common share for every ten (10) issued and outstanding common shares. Concurrent to the consolidation resolution, the board of directors of the Company also approved to change the Company's name to "New Age Farm Inc." and the notice of alteration to change its name was also filed on the same date. The shareholders of Five Nines as of record date of December 31, 2013 thus own a total of 243,367 common shares of the Company after the share consolidation.

On April 30, 2014, the Company entered into a definitive acquisition and amalgamation agreement with NHS. The Company intends to acquire all of the issued and outstanding securities in the capital of NHS pursuant to a "three-cornered" amalgamation under the British Columbia *Business Corporations Act*, pursuant to which a newly incorporated wholly owned subsidiary of the Company, 0998955 B.C.

**NEW AGE FARM INC.**

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(Expressed in Canadian dollars)

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**11. SUBSEQUENT EVENTS (continued)**

Ltd., will amalgamate with NHS and will continue its business under the name of NHS Industries Ltd. The amalgamated NHS will continue to be a wholly owned subsidiary of the Company. As at the reporting date of this financial statement, NHS has 27,159,424 common shares issued and outstanding. NHS plans to issue an additional 4,180,000 common shares at \$0.03 per share for gross proceeds of \$125,400 prior to the closing of the amalgamation. Each shareholder of NHS common shares will receive one (1) post-consolidation common share of the Company for each of such shareholder's NHS common shares.