NEW AGE FARM

Helping you grow your future

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED

JUNE 30, 2016

Accompanying the June 30, 2016 Unaudited Condensed Interim Consolidated Financial Statements

New Age Farm Inc.
106 - 1641 Lonsdale Avenue
North Vancouver, BC V7M 2T5

This Management's Discussion & Analysis ("MD&A"), prepared as of May 25, 2016, is intended to be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 2016, and related notes thereto, which have been reported in Canadian dollars, and prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of New Age Farm Inc. ("New Age Farm," the "Company," "we," or "our") for the period ended June 30, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended June 30, 2016 (the "Unaudited Condensed Interim Financial Statements").

Additional information, including news releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and is available under the Company's profile at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our real estate holdings, among others, including those identified in the Risk Factors section.. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions.

Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to completion of planned improvements at both the Canadian and US sites on schedule and on budget, the availability of financing needed to complete the Company's planned improvements on commercially reasonable terms, planned occupancy by the tenant-growers, commencement of operations, the ability to mitigate the risk of loss through appropriate insurance policies, and the risks presented by federal statutes that may contradict local and state legislation respecting legalized marijuana.

These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

NEW AGE FARM OPERATIONS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. as a wholly owned subsidiary of Five Nines Ventures Inc. ("Five Nines") for the purpose of completing a statutory plan of arrangement (the "Arrangement") with Five Nines. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014. On August 13, 2014, pursuant to the Arrangement we completed the acquisition of NHS Industries Ltd. ("NHS"), a private British Columbia company that has been engaged in agricultural land holdings and farm services since 2001. From an accounting perspective, NHS became the acquirer in a reverse-takeover transaction and the Company's consolidated financial statements are considered as a continuation of the financial statements of NHS.

The Company listed its common shares on the Canadian Securities Exchange and began trading under the symbol NF on August 18, 2014. The Company is also quoted on the Frankfurt Exchange under the symbol ONF and on the OTC under the symbol NWGFF.

The Company has two subsidiaries: one U.S. subsidiary, New Age Farm Washington, LLC (the "U.S. Subsidiary"); and one Canadian subsidiary, NHS Industries Inc.

Trends

Other than as disclosed in this MD&A, the Company 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 and New Age Farm's Business

New Age Farm is a start-up stage company with three properties in its agricultural land bank portfolio:

- the Langley Site owned by NHS;
- the Sumas Green Campus owned by our U.S. Subsidiary; and
- the Oroville Property owned by New Age Farm Inc.

New Age Farm intends to continue to grow its agricultural land bank and to operate farming campuses in Canada and the US that provide turnkey farming operations for its tenant-growers engaged in the production, processing and sale of luxury crops and value-added food products, including recreational marijuana grown under Washington State's Initiative 502 ("I-502"). The turnkey operations are designed to provide tenant-growers with all the infrastructure they require to operate a successful agribusiness for the crops of their choice. Additional processing facilities will be available for the tenant-growers and outside growers to use to process crops into finished products. At each stage of the process, from seed to sale, New Age Farm will be there to provide the support, infrastructure and guidance to its clients in the growing recreational marijuana and small scale production food industries.

More information about each of our properties follows.

The Langley Site

The Langley Site is a five and a half acre agricultural property located in Langley, BC with a 48,000 square foot greenhouse facility on site, capable of growing 2.4 million 4" potted plants per year; in place peat soil available for sale; and a residential property that is currently leased. The Company has so far completed a geotechnical report and begun to prepare the site for upgrades to the greenhouse and the eventual construction of a LEED certified warehouse and processing facility that can be shared by tenants and small producers for the processing, packaging and storage of finished value added food products that are either grown on site or brought in by local growers. The completion of these facilities at the Langley Site will allow the Company to generate near term cash flow through a modular and fee based approach that is designed to support small and medium producers.

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 Langley Site will not only provide added value for grown plants; it will be a "green" facility operating with reduced energy costs and carbon neutral processes.

Washington State Properties

In 2015, we successfully expanded our property holdings into Washington State through the acquisition of properties in Sumas and Oroville.

The Sumas Green Campus

The Sumas Green Campus is a 3 acre parcel of land in Whatcom County. The property is permitted for both agricultural and light industrial processing uses, currently contains two buildings totaling 6,700 square feet and has sufficient room for expansion, with ample room for the construction of additional buildings. In order to assist the Company in financing the acquisition of the Sumas Green Campus, the Company entered into a second mortgage on the Langley Site as security. The principal amount of the current second mortgage is $700,000 with a term of five years at 10% annual interest. Should the Company repay the mortgage before it matures, it will incur a three month interest penalty.

The Company intends to build a turnkey facility on the Sumas Green Campus suitable for tenant-growers who hold I-502 tier three licenses for the growing and processing of recreational marijuana products. To date, we have signed lease with one tenant-grower on this property who will occupy the facility as soon as it is ready. We will build all the required facilities, ensuring compliance with all the relevant I-502 regulations and our tenant-growers will each be provided with a turnkey facility to grow their crops.

The Oroville Property

Our second US property is located in Oroville, WA near the border with British Columbia. This expansion of our US holdings will allow us to accommodate up to three additional tier three licensees of up to one acre per tenant-grower and we have already signed leases with three tenant-growers on this property. We have obtained written confirmation from local authorities that the Oroville Property is compliant with this anticipated usage. The Company expects to complete the facilities build out on the Oroville Property in the third quarter of 2016.

Exchange Listings and Investor Relations

The Company's shares have been listed on the CSE since August 2014. Since that time, we have also been listed for trading on the OTC under the symbol NWGFF and on the Frankfurt Exchange under the symbol ONF. In November 2014, we engaged Green Venture Capital Group as investor relations consultants to assist us with our investor communications strategy. The contract is on a month to month basis and can be terminated by either party at any time.

QUARTERLY RESULTS

Six Months of Operations

During the six months period ended June 30, 2016, the Company incurred legal fees of $24,072 vs $71,463 in 2015, a decrease of 66%. Most of the acquisition of Sumas Campus and the Oroville Property and the preparation for the acquisition of interests in various tenants were performed from Q4 in 2014 to Q3 2015. There was less legal work done in 2016 comparing to 2015.

Consulting fees of $244,537 incurred in 2016 was $1,339,795 lower than the amount incurred in 2015 or a 85% decrease. Consulting expenses in 2015 mainly include $1,100,000 consulting fees paid by issuance of shares for consulting services provided by external consultants in assisting the Company's listing on Frankfurt Exchange, consulting fees incurred to management was $302,000, $90,000 of fees accrued to an external consultant who were issued 2,000,000 warrants, $37,500 of fees paid to an investor relation group and $54,832 of fees paid to various corporate and consulting group. In comparable period of 2016, consulting fees accrued or paid to officers and a director were only $187,959 with respect to management and corporate secretarial fees, $30,750 of fees accrued and incurred to an external consultant who also exercised 200,000 warrants at $0.15 per share, $25,828 of fees accrued or paid to an investor relation group of which 500,000 shares were issued at fair value of $20,000 for services. The Company also incurred same directors' fees of $36,000 as in 2015.

The Company incurred insurance expense of $7,191 in 2016 vs $9,439 in 2015; a $2,248 or 24% decrease. The decrease was mainly due to payments for more insurance on the Sumas Property in 2015 and timing recognition issue in 2016.

Interest expense in 2016 increased from $34,359 to $57,648 by $23,289 or 68% increase. The main reason of increase was due to the additional interest expense payments of $5,000 per month on the second mortgage which only commenced in Q2 of 2015 and additional interest expense incurred on higher refinanced 2nd mortgage, interest expenses accrued for on the convertible debentures and interest paid on the seller note payable.

Accretion expenses in 2016 decreased by $6,884 from $42,787 to $35,903 or 16% decrease. The slight decrease was due to one secured note payable was matured at end of Q1 of 2016 while the other secured convertible debt was matured at end of Q2 of 2016. In 2015, full accretion expenses was recorded for Q1 and Q2.

Advertising and promotion expense of $37,000 in 2016 was incurred vs $2,100 in 2015, a significant increase of $34,900, as the Company has hired an external consultant group to promote awareness of the Company to the general investors public at $14,000 per month since May of 2016.

In 2015, the Company granted 2,250,000 stock options to two external consultants of the Company and incurred shared based payments of $259,000. In addition, a total of 8,500,000 warrants with fair value of $1,024,500 were issued to management and external consultants. In comparable period of 2016, the Company granted 7,000,000 warrants with fair value of $287,000 to management and external consultants.

The Company incurred transfer agent, listing and filing fees of $1,928 in 2016 vs. $34,776 in 2015; a decrease of $32,848. The Company incurred additional listing expense in the first quarter of 2015 re listing on OTC market and on Frankfurt while there no such expenses incurred in 2016.

The Company incurred foreign exchange gain of $11,827 vs loss of $2,503 in 2015. The foreign exchange gain was due to mainly weaker US currency during 2016 in translating the payables and note payable denominated in US currency.

The office expense in 2016 was $9,499 vs $16,578 in 2015 or a decrease of $7,079 or 43%. The decrease was due to general decrease in various office expenses. Some of the office expenses incurred in 2015 were re-classed to transfer agent fees at later quarter as well.

Utility expenses of $2,038 was incurred in 2016 vs $4,841 in 2015 due to mainly property taxes paid on the US properties which were not incurred in 2015 until in later quarters. The main difference is highly due to timing issues.

Amortization expenses of $15,697 recorded in 2016 vs $12,279 recorded in 2015 or an increase of $3,418 or 28%. The increase was due to commencement of additional amortization on the tractor equipment purchased in later quarter of 2015.

The Company also incurred a finance expense of $150,000 in relation to issuing of 1,000,000 common shares in order to secure the second mortgage in 2015. There was no such comparable expense in 2016.

The Company also recognized $35,063 as gain on settlement of debts owing to two directors of the Company while there was no such transaction in 2015. On the other hand, in 2015, the Company recognized a small amount of $2,341 as gain on extinguishment of promissory notes as a result of converting a secured note into a secured convertible note. There is no comparable transaction in 2016.

Three Months of Operations

During the three months period ended June 30, 2016, the Company incurred legal fees of $5,856 in relation to refinancing of the 2nd mortgage vs $6,271 in 2015. Majority of the professional fess expenses in 2015 was incurred in periods prior to Q2 of 2015.

In Q2 of 2015, consulting expenses mainly include accrual of fees to management of $73,500, $45,000 of fees accrued to an external consultant who were issued 2,000,000 warrants, $16,500 of fees paid to an investor relation group and $19,242 of fees paid to various corporate and consulting groups. In addition, the Company also issued 5,500,000 common shares for consulting services of $1,100,000. In Q2 of

2016, consulting fees incurred were mainly for $111,586 to management and 500,000 shares issued to an external consultant group for services in the amount of $20,000 plus fees accrual of $2,906 to the same group. $18,000 of directors fees were also accrued for in this period which was the same as comparable period in last year.

The Company incurred insurance expense of $5,140 in 2016 vs $4,720 in 2015; a $420 or 9% increase. There is not much of difference comparing to the same period in last year.

Interest expense in 2016 increased from $22,217 to $29,902 by $7,685 or 35% increase. The main reason of increase was due to the additional interest expense payments of $5,000 per month on the second mortgage which only commenced in Q2 of 2015 and additional interest expense incurred on higher refinanced 2nd mortgage, interest expenses accrued for on the convertible debentures and interest paid on the seller note payable.

Accretion expenses in 2016 decreased by $9,754 from $21,993 to $12,239 or 44% decrease. The decrease was mainly due to one secured note payable was matured at end of Q1 of 2016 while the other secured convertible debt was matured at end of Q2 of 2016. In 2015, full accretion expenses was recorded for Q1 and Q2.

Advertising and promotion expense of $37,000 in 2016 was incurred vs $Nil in 2015, a significant increase of $37,000, as the Company has hired an external consultant group to promote awareness of the Company to the general investors public at $14,000 per month since May of 2016.

In 2015, the Company granted 250,000 stock options to an external consultant of the Company and incurred shared based payments of $37,000. In addition, a total of 8,500,000 warrants with fair value of $1,024,500 were issued to management and external consultants. In comparable period of 2016, the Company only granted 7,000,000 warrants with fair value of $287,000 to management and external consultants.

The Company incurred transfer agent, listing and filing fees of $1,928 in 2016 vs. $2,730 in 2015; a decrease of $802 or 29%. The Company incurred additional listing expense in the first quarter of 2015 re listing on OTC market and on Frankfurt while there no such expenses incurred in 2016.

The Company incurred foreign exchange gain of $361 vs gain of $741 in 2015. The foreign exchange gain was due to mainly weaker US currency during these periods in translating the payables and note payable denominated in US currency.

The office expense in 2016 was $6,019 vs $14,927 in 2015 or a decrease of $8,908 or 60%. The decrease was due to general decrease in various office expenses. Some of the office expenses incurred in 2015 were re-classed to transfer agent fees at later quarter as well.

Utility expenses of $Nil was incurred in 2016 vs $4,841 in 2015 due to mainly property taxes paid on the US properties which were not incurred in 2015 until in later quarters. The main difference is highly due to timing issues.

Amortization expenses of $7,757 recorded in 2016 vs $6,139 recorded in 2015 or an increase of $1,618 or 26%. The increase was due to commencement of additional amortization on the tractor equipment purchased in later quarter of 2015.

The changes in gain on debt settlement and on extinguishment of note payable had been explained in previous section for six months operation and are same as for the three months operation.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company'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.

		Year ended	
	June 30, 2016	December 31, 2015	December 31, 2014
Total Revenue	$ 42,000	$ 84,000	$ 84,000
Interest income	9	75	7
Expenses	712,006	4,724,268	1,309,544
Net loss	(669,997)	(4,640,193)	(1,225,537)
Total assets	3,180,386	3,108,087	2,012,552
Total long-term liabilities	1,418,116	1,008,383	1,533,107
Net loss per share (basic and diluted)	(0.01)	(0.09)	(0.03)

SELECTED QUARTERLY INFORMATION

The following table summarizes the results of operations for the eight recent quarters.

		Three months ended		
	June 30 2016	March 31 2016	December 31 2015	September 30 2015
Total Revenue	$ 21,000	$ 21,000	$ 21,000	$ 21,000
Interest income	3	6	21	27
Expenses	510,225	201,781	1,144,534	296,715
Net loss	(489,222)	(180,774)	(1,123,513)	(275,688)
Net loss per share and diluted loss per share	(0.008)	(0.003)	(0.02)	(0.00)
		Three months ended		
	June 30 2015	March 31 2015	December 31, 2014	September 30, 2014
Total Revenue	$ 21,000	$ 21,000	$ 21,000	$ 21,000
Interest income	16	11	3	2
Expenses	2,414,761	868,258	406,358	700,664
Net loss	(2,393,745)	(847,247)	(385,355)	(679,662)
Net loss per share and diluted loss per share	(0.04)	(0.02)	(0.01)	(0.02)

LIQUIDITY

The Company is a startup agricultural based company and has a small regular source of income and may have incidental 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 Company will be able to do so. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's loans, lease payments and debt covenants are in good standing as of the date of this MD&A.

During the first quarter of 2015, the Company raised $400,000 from a second mortgage on its Langley property to finance its acquisition of the property in Washington State and raised $460,000 from private placements for corporate development, working capital use and initial designs for the facility on the Sumas Green Campus. The Company has been able to raise additional funds during the second half of the year through convertible debentures and seller note payable but will need more funds to realize its goals and to complete the build-out of facility on the Oroville Property. Recognizing that there are insufficient cash reserves to implement its business plan and continue operations for the ensuing twelve months, in order to carry out its operations and administration, the Company will need to generate working capital. Subsequent to the year end, the Company entered into a refinanced second mortgage agreement on its property in Langley, BC., in the amount of $700,000 from a private lender. The principal amount of the mortgage is $700,000 and bears interest at the rate of 10 per cent per year with a term of five years. Proceed of the mortgage was used toward paying out the prior second mortgage of $400,000 and the balance for general working capital purposes. The Company may prepay this revised mortgage on payment of a three-month interest penalty.

Management intends to pursue equity financing to meet its working capital requirements. Should the Company be unsuccessful in raising capital through equity financing it may need to consider borrowing funds from one or more directors or shareholders. At this time, the Company has no plans to borrow money and there have been no promises or arrangements made to fund the Company in this manner.

The Company currently has two wholly owned subsidiaries, NHS Industries Ltd., which is in agricultural land and facility rental business and New Age Farm Washington, LLC, which holds the Sumas Green Campus. NHS has limited revenue from a rental property and the U.S. Subsidiary is not yet operating and generating income. Until these subsidiaries become revenue generating, their ability to assist the Company by providing increased liquidity is very limited.

CAPITAL RESOURCES

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

During the year ended December 31, 2015 the Company entered into a second mortgage on its Langley Property, completed the acquisition of Sumas Green Campus and completed a non-brokered financing of $460,000 and issued 4,600,000 common shares of the Company. This second mortgage was subsequently refinanced for $700,000 to repay the original second mortgage and provide additional working capital. In addition, the Company also entered into two convertible debentures for total of $400,000 and issued a seller note payable in relation to acquisition of the Oroville Property. The Company also:

- issued an additional 1,666,667 common shares for total proceeds of $250,000;
- issued 5,500,000 common shares for services;
- 1,900,001 stock options were also exercised for total proceeds of $122,000, of which $57,760 was recoded as subscription receivable;
- 1,000,000 common shares were also issued to the lender of the second mortgage to secure the financing;
- 1,400,000 common shares were issued as result of warrants exercised for gross proceeds of $165,000;
- 200,000 common shares were also issued to purchase equipment; and
- 6,000,000 common shares were issued as prepayments in relation to the Sumas property project.
- subsequent to the year-end, 700,000 stock options were exercised for proceed of $35,000, 200,000 common shares were issued as result of warrants exercised for gross proceeds of $30,000, 500,000 common shares were issued for services and 1,602,500 common shares were issued to settle debts. An additional 7,000,000 warrants at an exercise price of $0.05 per share over 5 years was also granted to external consultants and to the management.

OFF BALANCE SHEET ARRANGEMENTS

As at June 30, 2016, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company plans to complete the build out of facility on the Oroville Property and to continue the implementation of its business plan.

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TRANSACTIONS WITH RELATED PARTIES

Name and Position	Payment Description	June 30, 2016	June 30, 2015	June 30, 2014
Carman Parente CEO and a Director	Consulting fees for services as CEO	$90,000[1 2 3]	$240,000	$ -
	Director fees	$12,000	$12,000	$ -
Anthony Chan[4] Chief Financial Officer and a Director	Consulting fees for services as CFO	$49,375	$45,000	$ -
	Director fees	$12,000	$12,000	$ -
Peter Jensen Former Director (resigned since November 2015)	Consulting fees	$ -	$12,000	$ -
	Director fees	$ -	$12,000	$ -
Lorraine Pike[5] Director (since December 2015)	Consulting fees	$48,584	$ -	$ -
	Director fees	$12,000	$ -	$ -

-- Continued on next page --

OUSTANDING SHARE DATA

Authorized share capital:

Unlimited common shares without par value

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[1] The amounts of $688 (2015 - $688) due from a related party, 567147 BC Ltd., a company owned by Carman Parente, the CEO and a director of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

[2] During the year ended December 31, 2015, the Company advanced $25,000 (2014: $Nil) as a loan to a company of which Carman Parente, the Chief Executive Officer, is a minority shareholder. This loan is non-interest bearing and has no fixed terms of repayment. As of June 30, 2016, this loan receivable balance remains at $25,000.

[3] The amount of $175,170 is owed to the Company by a company owned by the CEO, which will be applied against the accrued consulting fees owed by the Company to the CEO. As of June 30, 2016, a net total of $526,830 after deducting the amount of $175,170 owed by a company owned by the CEO of the Company was included as accrued liabilities to the CEO (see Note 7 to the Unaudited Condensed Interim Financial Statements). At the same time, the Chief Executive Officer advanced a total of $122,064 as loans to the Company during the six months ended June 30, 2016. These loans are non-interest bearing, unsecured and without fixed terms of repayment.

[4] The amount of $13,500 is owed to the Company by a company owned by the CFO, which will be applied against the accrued consulting fees owed by the Company to the CFO. As of June 30, 2016, a net total of $133,500, after deducting the amount of $13,500 owed by a company owned by the CFO of the Company, was included as accrued liabilities to the CFO (see Note 7 to the Unaudited Condensed Interim Financial Statements).

[5]The amount of $14,000 is owed to this current director as accrued liabilities with respect to outstanding directors fees.

Issued and Outstanding:

As of the date of this MD&A the Company has 64,216,259 common shares outstanding.

Stock Options:

As of the date of this MD&A the Company has the following stock options issued and outstanding:

Number of Shares	Exercise Price	Expiry Date
50,000	$0.05	September 8, 2019
250,000	$0.20	May 2, 2020
300,000		

Warrants:

As of the date of this MD&A the Company has the following warrants issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date
400,000	$0.15	April 9, 2018
6,500,000	$0.15	April 15, 2020
7,000,000	$0.05	May 13, 2021
13,900,000		

CONTINGENCIES

Except for the commitments mentioned in Liquidity subsection (a), there is no other contingency outstanding as of date of this discussion.

SUBSEQUENT EVENTS

The following events took place after June 30, 2016, but during the reporting period for this MD&A:

- There is no significant subsequent event to report.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company was incorporated on September 27, 2013. Accordingly, 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").

The unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

(a) **Statement of Compliance and Basis of Presentation**

These unaudited condensed interim consolidated 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 consolidated 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 consolidated 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.

(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
Due to related parties	Loan and receivables

Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related Parties, due to shareholders, promissory note, secured loans, loans payable, seller note payable and mortgages	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.

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.

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 and tractor	-	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.

(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.

(k) **Significant accounting judgments and estimates**

The preparation of consolidated 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 consolidated 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, valuation of share-based payments 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.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(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, 2018, 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, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

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RISKS AND UNCERTAINTIES

Plant Growing, Warehousing and Processing Industry

The plant growing, warehousing and food processing industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of such facilities may result in substantial rewards, marketing will also play a significant role in developing the Company and its level of success. Major expenses may be required to establish the facilities to be accepted in the marketplace. It is impossible to ensure that the current facilities and market strategy planned by the Company will result in profitable commercial sales. Whether the Company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the facilities is geared toward and the existing infrastructure, as well as competitors strategies and market factors. Some of these factors are cyclical and government regulated, including regulations relating to agriculture and food processing procedures and protocols.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Agriculture and food processing operations generally involve a high degree of risk. The

Company’s operations are subject to all the hazards and risks normally encountered in the public health sectors inherited in the agriculture and food processing industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company’s control and their consequent liability.

Some of these risks include the following:

The Company is largely dependent on the success of constructing and marketing its warehousing and processing facilities and cannot be certain that its facilities will be successfully commercialized. NHS currently has minimal revenue from renting out its greenhouse facility. The successful addition of agriculture and food warehousing / processing facilities will also augment its ability to rent out unused greenhouse space and facilities. There is no guarantee that it will ever have marketable facilities.

Risks in design, development and manufacture of agriculture and food warehousing / processing facilities which may have adverse effect on public’s health.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved facilities are not commercially successful, the company’s business, financial condition, and results of operations may be materially harmed

The Company’s facilities may never achieve market acceptance even if the company obtains regulatory approvals.

The Company’s activities are directed towards the warehousing and processing of agriculture and food. There is no certainty that any expenditure to be made by the Company as described herein will result in market acceptance of the Company’s facilities offerings. There is aggressive competition within the agriculture and food warehousing / processing marketplace. The Company will compete with other interests, many of which have greater financial resources than it will have for marketing towards target customers. Significant capital investment is required to achieve commercialization from the current start-up and development stage of the Company.

Government Regulation

In addition to various trade organizations that the Company will be subject to, the consumer agriculture and food warehousing / processing industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters from regulatory bodies such as Canadian Food Inspection Agency **(**CFIA**),** BC FoodSafe Program and the department of Health Protection in Fraser Health. Regulatory approvals by government agencies on the Company’s facilities may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company’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 which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early stage start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the consumer community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer acceptance and the Company's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's facilities and services will be accepted and recommended.

Competition, Technological Obsolescence

The agriculture and food warehousing / processing industries are competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, other agriculture and food warehousing / processing facilities, and equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

The technologies utilized by the Company in building and operating agriculture and food warehousing / processing facilities can be subject to a number of technological challenges and requirements, and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its agriculture and food warehousing / processing facilities. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended June 30, 2016, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 2016 (together the "Interim Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Officers and Directors

Carman Parente	President, CEO & Director
Anthony Chan	CFO & Director
Lorraine Pike	Director

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