OFFERING MEMORANDUM

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

Dated October 20, 2017

Name:	The Green Organic Dutchman Holdings Ltd. (the "**Issuer**")
Head office:	P.O. Box 81025 Fiddlers Green, Ancaster, Ontario L9G 4X1
	Phone #: (905) 304-4201
	E-mail address: info@tgod.ca
Currently listed or quoted:	**These securities do not trade on any exchange or market**.
Reporting issuer:	NO
SEDAR filer:	YES

The Offering

Securities offered:	An aggregate of up to 24,242,424 units ("**Units**"), each Unit consisting of one common share and one-half of one warrant. Up to 4,242,500 Units offered as part of a brokered offering (the "**Brokered Offering**"). Up to 19,999,924 Units offered on a non-brokered basis (the "**Non-Brokered Offering**", and together with the Brokered Offering, the "**Offering**").
Price per security:	$1.65 (the "**Subscription Price**")
Minimum:	$0 **There is no minimum. You may be the only purchaser.**
Maximum:	$40,000,000.

Funds available under the offering may not be sufficient to accomplish our proposed objectives.

Minimum subscription amount: There is no minimum subscription amount an investor must invest.

Payment terms: The full subscription amount is payable upon subscription. See item 5.2.

Proposed Closing Dates: The closing of the sale of the Units offered hereunder will take place at such times as are chosen by the Issuer (each, a "**Closing**"). The Issuer reserves the right to close the Offering at any time as subscriptions are received.

Income tax consequences: There are important tax consequences to these securities. See item 6.

Selling Agent: Yes. See item 7

Resale restrictions

You will be restricted from selling your securities for an indefinite period. In addition the securities are subject to an escrow hold period. In the event the Issuer becomes a reporting issuer in a province of Canada the resale restrictions on your securities will change. See item 10.

Purchaser's rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

About this Offering Memorandum

This Offering is being made pursuant to certain prospectus exemptions contained in NI 45-106. This Offering Memorandum constitutes an offering of securities only in such jurisdictions and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.

Prospective investors should rely only on the information contained in this Offering Memorandum and should not rely on some parts of this Offering Memorandum to the exclusion of others. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum, and any information or representation other than those contained herein must not be relied upon. This Offering Memorandum is furnished solely by the Issuer for the use of purchasers who by their acceptance hereof agree that they will not transmit, reproduce or otherwise make available this document or any information contained in it except with the written consent of the Issuer.

All subscriptions received with respect to this Offering are subject to rejection or acceptance in full or in part by the Issuer. The Issuer is not obligated to accept any subscription. Subscriptions which are rejected will be returned without interest or deduction. Insiders of the Issuer and their associates may purchase securities under the Offering. This Offering Memorandum contains information as at October 20, 2017, unless otherwise specified.

This Offering Memorandum contains summaries of the proposed terms of this Offering and of certain documents related to this Offering. Reference should be made to the actual documents for complete information concerning the rights and obligations of the parties thereto, and all such summaries are qualified in their entirety accordingly. Copies of the documents referred to in this Offering Memorandum are available upon request made in writing to the Issuer.

Each purchaser must consult with his own advisors as to legal, tax, business, financial and related aspects of any purchase of Units. A sale of Units is subject to the provisions of the Subscription Agreement which accompanies this document.

Forward Looking Information

This Offering Memorandum includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to the Issuer. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions and actual events or results may differ materially.

Forward-looking information may relate to the Issuer’s future outlook and anticipated events or results and may include statements regarding the Issuer’s financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this Offering Memorandum is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving medical cannabis; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the medical cannabis industry in Canada generally, income tax and regulatory matters; the ability of the Issuer to implement its business strategies including expansion plans; competition; crop failure; currency and interest rate fluctuations, and the other risks discussed under the heading “Risk Factors” in this Offering Memorandum. The foregoing factors are not intended to be exhaustive.

Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date hereof and the Issuer and its directors, officers and employees disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. All forward-looking information is expressly qualified in its entirety by this cautionary statement. Forward-looking information and other information contained herein concerning management’s general expectations concerning the medical cannabis industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data or comparables presented herein, industry data and comparables are subject to change based on various factors. The Issuer has not independently verified any of this data from independent third party sources.

Marketing Materials

Any "OM marketing materials" (as such term is defined in National Instrument 45-106 -*Prospectus Exemptions*) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective purchaser before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum is not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended or amended and restated Offering Memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective purchaser prior to the execution of the subscription agreement by the purchaser.

Item 1: Use of Available Funds

1.1 *Funds*

		Assuming Minimum Offering[(1)]	**Assuming Maximum Offering[(1)]**
A.	Amount to be raised by the Offering	$0	$40,000,000
B.	Selling commissions and fees on the Brokered Offering	$50,000	$610,000
C.	Estimated Offering costs (e.g., legal, accounting, audit.)	$225,000	$225,000
D.	Net proceeds: D = A – (B + C)	($275,000)[(2)]	$39,165,000
E.	Additional sources of funding required	$275,000	$0
F.	Working capital deficiency	N/A	$0
G.	Total: G = (D + E) - F	$0	$39,165,000

(1) There is no minimum offering. The Issuer may raise only a portion of the maximum offering.
(2) If necessary, the Issuer will provide funds from existing working capital to cover the estimated offering costs.

1.2 *Use of Available Funds*

The Issuer intends to use the Net Proceeds as follows:

Description of intended use of available funds listed in order of priority	**Assuming Minimum Offering**	**Assuming Maximum Offering**
Hamilton Facility Expansion and Québec Facility Build-Out	$0	$36,165,000
Working Capital	$0	$3,000,000
Total	$0	$39,165,000

1.3 *Reallocation* - We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

Item 2: Business of the Issuer

2.1 *Structure*

The Issuer was incorporated under the federal laws of Canada pursuant to the *Canada Business Corporations Act* (the "**CBCA**") on November 24, 2016. The Issuer's registered office is located at Suite 4400-181 Bay Street, Toronto, ON, M5J 2T3 and its head office is located at P.O. Box 81025 Fiddlers Green, Ancaster, Ontario L9G 4X1. The Issuer acquired its operating company, The Green Organic Dutchman Ltd. ("**TGOD**"), through the acquisition of all of the issued and outstanding shares of TGOD and certain related assets and real property on November 24, 2016 by the payment of cash and the issuance of common shares of the Issuer, pursuant to an amended and restated purchase agreement (the "**Purchase Agreement**") among the Issuer, TGOD, Scott Skinner, Jeannette VanderMarel and 2454594 Ontario Ltd. TGOD was incorporated under the federal laws of Canada pursuant to the CBCA on January 10, 2013. The registered office of TGOD is at Suite 4400-181 Bay Street, Toronto, ON, M5J 2T3.

2.2 *Our Business*

The Issuer is a licenced producer ("**Licensed Producer**") of organic cannabis products for medical purposes based in Hamilton, Ontario. The Issuer, through its wholly-owned subsidiary TGOD, is licensed (the "**License**") by Health Canada pursuant to the Access to Cannabis for Medical Purposes Regulations (the "**ACMPR**") to produce at its 100 acre facility near Hamilton, Ontario (the "**Hamilton Facility**") dried marijuana, marijuana plants and fresh marijuana, and to sell such marijuana products within Canada to licenced producers or licenced dealers qualified under Section 22(2) of the ACMPR. Under the License, inventory is restricted and at any given time cannot exceed a maximum storage capacity value of $6,250,000 for the level 8 vault. The License allows for: the production, sale or provision, possession, shipping, transportation, deliver and destruction of dried marijuana and fresh marijuana; the production, possession and destruction of marijuana seeds; and the production, sale or provision, possession and destruction of marijuana plants. The current term of the License expires on August 16, 2019. It is anticipated that Health Canada will renew the Licence at the end of its term, however the Issuer cannot provide assurances that the Licence will be renewed or renewed on the same terms and conditions. See "Risk Factors".

The Issuer produces high quality, standardized, organic cannabis products at the Hamilton Facility, which includes an in-house quality control team. The Hamilton Facility currently has a potential production capacity of 1,000 kilograms ("**kg**") of medical cannabis per year. The Issuer has made a significant infrastructure investment in technology for sanitation, risk mitigation and the prevention of crop failures.

The Issuer intends to provide patients with premium organic product with safe and high-quality organic cannabis. Recreational, for adult use, Cannabis is currently anticipated to become legal for recreational consumption across

Canada by July 2018. The Issuer is one of Canada's 64 Licensed Producers. The Issuer believes it is one of only two Licenced Producers that provides organic, pesticide free cannabis. The Issuer believes that the production of organic cannabis provides Canadians with a safer, more sustainable option for cannabis use.

The Issuer employs 30 full-time employees.

Cannabis Products

The Issuer is currently producing dried cannabis at the Hamilton Facility. The existing facility has a production capacity of approximately 1,000 kg dried cannabis per annum. At present, the Issuer's production efforts are focused on identifying, developing and optimizing the most suitable strains to maximize production in the much larger, near-term facility expansion. In advance of commissioning the expanded facility, the existing facility will shift focus from harvesting toward propagation, to ensure that the production levels within expanded facility reach capacity in the shortest amount of time possible. Throughout this period in the current facility, production levels of dried cannabis are expected to vary considerably by design. All dried cannabis is being held as inventory in the Issuer's vault at the Hamilton Facility.

The Issuer is in the process of applying for a cannabis oil extraction license through a Section 56 exemption to the *Controlled Drugs and Substances Act* (the "**CDSA**") from Health Canada. As part of the formal application process with Health Canada, the Issuer must have in place the appropriate equipment for cannabis oil extraction. In this regard, the Issuer has ordered a 40 litre commercial scale supercritical CO^2 fluid extraction unit and a 450 sq. ft. custom modular extraction laboratory, both of which are expected to be delivered and installed in the fourth quarter of 2017. Upon receipt of such oil extraction license, the Issuer may elect to process some, or all, of the dried cannabis it has stored in its vault into cannabis oil. There is no assurance that the Issuer will receive a cannabis oil extraction license.

The Hamilton Facility

The Issuer's existing growing and production facility has a floor area of approximately 575 sq. meters (approximately 6,189 sq. ft.), which was established in 2015. In March 2017, the Issuer acquired an additional 75 acres adjacent to the Hamilton Facility for $1,900,000.

The Issuer has commenced the expansion of the Hamilton Facility to increase the total cultivation and processing space to 150,000 sq. ft. with an estimated annual capacity of 14,000 kg dried cannabis. The cultivation facility will include both indoor and hybrid greenhouse growing at an estimated cost of $38 million. Construction is expected to be completed in the second quarter of 2018. This expansion will be funded partially by the proceeds of the Offering and by working capital.

Storage and Security

The ACMPR prescribes physical security requirements that are necessary to secure sites where Licensed Producers conduct activities with cannabis for medical purposes. As required by the ACMPR, the Hamilton Facility contains a storage vault that is deemed to be "security level eight", as defined by the Health Canada Directive on Physical Security Requirements for Controlled Substances. The vault can only be accessed by a "Responsible Person in Charge" (as defined under the ACMPR) and at least one Responsible Person in Charge must be present in the vault at all times if the doors are open. The Hamilton Facility features a security system consisting of security cameras, motion sensors, code locked doors, seismic sensors in the vault and contracted over-night security personnel. These security measures ensure the Issuer is compliant with Health Canada's security requirements.

Québec Expansion

On August 1, 2017, the Issuer entered into an Offer to Purchase Agreement to acquire a 75 acre property located in the city of Salaberry-de-Valleyfield, Québec, at the cost of approximately $4 million, on which it intends to build a 820,000 sq. ft facility (the "**Québec Facility**"). The finalizing of the investment in the Québec Facility is expected to occur during Q4, 2017 and is subject to certain closing conditions, including compliance with the Québec law regarding the acquisition of agricultural land by non-residents of Québec. The Issuer anticipates that the initial phase of the build out of the Québec Facility will consist of a 220,000 sq. ft. cultivation facility with the ability to produce approximately 22,000 kg of cannabis yearly. The property is zoned in part for industrial purposes and in part for agricultural purposes which permit the building of a research and development and licensed dealer facility next to the cultivation facilities. The Issuer has commenced the permitting process to start construction on the initial phase of the Québec Facility and anticipates that the permitting process will be completed in the fourth quarter of 2017. The Québec Facility will be serviced by industrial gas lines, sewage and unlimited water access, and is within 1 km of a power substation. The Issuer has been granted the "economic development rate" by Hydro-Québec and will therefore receive a reduction in electricity rates until March 31, 2027, which are expected to reduce the Issuer's operating costs at the Québec Facility.

Marijuana Legislation

The Access to Cannabis for Medical Purposes Regulation

The ACMPR are the current governing regulations regarding the production, sale and distribution of cannabis for medical purposes in Canada. The ACMPR provide for three possible alternatives for Canadian residents who have been authorized by their health care practitioner to access cannabis for medical purposes:

- they can continue to access quality-controlled cannabis by registering with licenced producers;
- they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes (starting materials must be obtained from a licenced producer); or
- they can designate someone else who is registered with Health Canada to produce cannabis on their behalf (starting materials must be obtained from a licenced producer).

The ACMPR sets out, among other things, the authorized activities and general responsibilities of licenced producers, including:

- the requirement to obtain and maintain a licence from Health Canada prior to commencing any activities;
- calculating the quantity of cannabis, other than dried cannabis, that is equivalent to a given quantity of dried cannabis;
- security measures relating to facilities and personnel;
- good production practices;
- packaging, shipping, labeling, import and export and record-keeping requirements; and
- patient registration and ordering requirements.

Newly-authorized activities under the ACMPR include the production and sale of starting materials (i.e., cannabis seeds and plants) to those individuals who have registered to produce a limited amount of cannabis for their own medical purposes, or to have it produced by a designated person, and the ability to sell an interim supply of fresh or dried cannabis or cannabis oil to registered persons while they wait for their plants to grow. Licences and licence applications under the ACMPR consolidate the MMPR (as hereinafter defined) licence requirements for the production and sale of dried cannabis, the requirements for supplemental licences under the Section 56 exemption, and the new requirements for the sale of cannabis seeds and plants.

Medical Marijuana

"Medical Marijuana" (meaning the use of cannabis to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications) can be administered using a variety of methods including, but not limited to, vaporizing or smoking dried buds, capsules, and oral/dermal sprays, and can also be ingested as oil or cannabis edibles. Unlike the pharmaceutical options, individual elements within Medical Marijuana have not been isolated, concentrated and synthetically manipulated to a specific therapeutic effect. Instead Medical Marijuana addresses ailments holistically through the synergistic action of naturally occurring phyochemicals. Currently, the most common means of administering medical marijuana in Canada is by smoking/vapourizing dried buds.

Sativa and Indica are the two main types of cannabis, and hybrid strains can be created when the genetics of each are crossed. Within these different types of cannabis there are many different varieties, within which there are many different cannabinoids, with the most common being delta-9-tetrahydrocannabinol ("**THC**") the psychoactive ingredient and cannabidiol ("**CBD**"), which is responsible for many of the non-psychoactive effects of Medical Marijuana.

The Changing Regulatory Landscape

The medical cannabis industry in Canada has changed considerably between 2014 and 2017. Prior to the Issuer's date of incorporation, the Canadian Government introduced Marihuana for Medical Purposes Regulations ("**MMPR**"). Under the MMPR, Licensed Producers were initially licensed to sell dried cannabis only, and no other forms of cannabis such as oils and extracts were permitted. The Supreme Court of Canada judgment in R. v Smith (2015 SCC 34) found this restriction to be contrary to the Canadian Charter of Rights and Freedoms (the "**Charter**") and struck down portions of the CDSA to the extent that these portions of the CDSA prevent a person with a medical authorization from possessing cannabis derivatives for medical purposes. While R. v Smith was considered in the context of the previous Marihuana Medical Access Regulation (the "**MMAR**") the exemption under the CDSA is equally applicable to the MMPR.

In response to R v Smith, Health Canada issued a class exemption under section 56 of the CDSA for Licensed Producers who met defined criteria and issued corresponding supplementary licenses for production and sale of cannabis oil to Licensed Producers who met the criteria. Health Canada released a statement with details to this effect on July 7, 2015. This Heath Canada statement included requirements that essentially prevent production of cannabis oil suitable for vaporization or smoking. The only permitted dosage form for cannabis oil is a capsule or similar dosage form (sale of liquid oil in a container – i.e. no dosage form, is also permitted). The sale of foods or beverages infused with cannabis oil was not permitted under this Health Canada statement. The sale of cannabis oil, including restrictions to dosage forms, is now expressly provided for in the ACMPR.

Following the hearing of the constitutional challenge to the MMPR, the Federal Court rendered its decision on February 24, 2016 in R. v Allard (2016 FC 236). The Court repealed the MMPR as contrary to the plaintiff's Charter rights by unduly restricting access to medical cannabis. The repeal of the MMPR was suspended for six months to allow the Government of Canada to amend the MMPR or issue new regulations. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis program.

The ACMPR essentially combined the MMPR, the MMAR and the section 56 class exemptions relating to cannabis oil (including Health Canada's restrictions preventing smokable or vaporizable oil and preventing sale of infused foods or beverages) into one set of regulations. The ACMPR further sets out the process for license applicants, such as the Issuer, to obtain Licensed Producer status.

On February 24, 2016 a Federal Court of Canada decision found that requiring individuals to obtain marijuana strictly from licenced producers violated an individual's right to liberty and security under section 7 of the Canadian Charter of Rights and Freedoms. After this decision, the Court repealed the MMAR. The repeal of the MMAR was suspended for six months to allow the Government of Canada to amend the MMAR or issue new regulations. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's Medical Marijuana program.

2.3 *Development of Business*

Jeannette VanderMarel and Scott Skinner co-founded TGOD in 2012. Ms. VanderMarel and Mr. Skinner, former designated growers under MMPR, submitted to Health Canada the 32nd application under MMPR in order to obtain a cultivation license for cannabis. In conjunction with this application, Ms. VanderMarel and Mr. Skinner built the original production facility on the 25 acre farm that is now the Hamilton Facility. Health Canada granted TGOD its original licence under the MMPR in August 2016. In February 2015, Ms. VanderMarel and Mr. Skinner entered into a purchase agreement (the "**Original Agreement**") to sell certain real property and assets of TGOD to 606 (as hereinafter defined), who had a 90 days option to purchase TGOD after the granting of the Licence. The Original Agreement was amended (the "**Amended Purchase Agreement**") to provide for the purchase of all outstanding shares of TGOD and, indirectly, other assets by the Issuer with 606 and additional groups of investors becoming shareholders of the Issuer, resulting in TGOD becoming a wholly-owned subsidiary of the Issuer on November 24, 2016.

2.4 ***Long Term Objectives***

The Issuer has a long-term objective of becoming an organic vertically-integrated cannabis consumer packaged goods company. The Issuer intends to complete the build out of its Hamilton Facility and the Québec Facility and ramp up production to become a full producer and seller of cannabis products. The Issuer also intends to seek opportunities internationally by obtaining additional licences, including export licences. With the development of its cannabis growing and extraction business, the Issuer will seek to obtain an intellectual property portfolio in order to obtain a competitive advantage in the marijuana space. The Issuer anticipates the following time frames and costs to achieve its long terms goals:

Objective	Timeframe	Expected Costs
Commence production of cannabis infused products	2 years	$10,000,000
Apply for or acquire International Cultivation license(s)	Within 12 months	$5,000,000

2.5 ***Short Term Objectives and How We Intend to Achieve Them***

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Obtain Cannabis Oil Extraction License from Health Canada	Q4 - 2017	$1,100,000
Finalize Design and Permitting for Québec Facility	Q4 - 2017	$1,600,000
Finalize Investment in Québec Facility	Q4 - 2017	$4,000,000
Hire Senior Management and Administrative Support Staff	Q4 - 2017	$1,500,000
Complete Hamilton Phase I Expansion	Q2 - 2018	$38,000,000
Commence Production at Hamilton Phase I	Q2 - 2018	$1,500,000
Obtain Health Canada Cultivation License for Québec Facility	2018	$250,000
Obtain Dealers License from Health Canada	Q2 - 2018	$125,000
Construction of Facilities at Québec Facility	Q4 – 2018	$35,000,000

2.6 ***Insufficient Funds***

The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives. Management anticipates that revenue received from product sales and funds from additional financings will be sufficient for it to meet its objectives, however there is no assurance that such revenue will result or that additional financing will be available. The Issuer may have to curtail its operations if revenue does not increase as expected, or additional financing is not available.

2.7 *Material Agreements*

Other than as disclosed in this Offering Memorandum, the following are the material agreements to which the Issuer and its affiliate (TGOD) are subject to as of the date hereof:

(a) Amended and Restated Purchase Agreement

Pursuant to the Amended and Restated Purchase Agreement (the "**Amended Purchase Agreement**") dated November 24, 2016, the Issuer acquired from Jeannette VanderMarel, Scott Skinner and 2454594 Ontario Limited (collectively, the "**Vendors**") all of the issued and outstanding common shares of TGOD, and certain related assets and liabilities related to the business operated by TGOD in exchange for an aggregate of $3,970,263 in cash and the issuance of 11,550,000 common shares of the Issuer.

(b) The Shareholders' Agreement

The operation and management of the Issuer and TGOD are governed by a shareholders' agreement (the "**Shareholders' Agreement**") dated November 24, 2016 among the Issuer and the initial shareholders of the Issuer, being 1092991 B.C. Ltd. ("**InvestorCo**"), Jeannette VanderMarel, Scott Skinner, 2452594 Ontario Limited ("**594**" and together with Ms. VanderMarel and Mr. Skinner, the "**TGOD Group**"), and 2449606 Ontario Ltd ("**606**"). All subsequent shareholders of the Issuer must execute an accession to the Shareholders' Agreement and agree to be bound by the terms and conditions of the Shareholders' Agreement.

<u>Composition of Board</u>

The Shareholders' Agreement provides for the composition of the Board of Directors of the Issuer (the "**Board**"). Provided a certain level of common shares investment is maintained, InvestorCo may initially nominate two directors (each, an "**InvestorCo Director**"), 606 may nominate two directors, and the TGOD Group may nominate one director. In the event the number of common shares held by a particular group drops below a specified level, the number of directors such group may nominate will drop accordingly.

<u>Approval of Matters</u>

Approval of certain enumerated matters pertaining to the obligations and the operation of the Issuer is subject to Board approval, and provided that InvestorCo holds at least 5% of the issued and outstanding shares (on a fully-diluted basis) of the Issuer, Board approval must include approval of at least one InvestorCo Director. Special resolutions and ordinary resolutions of the shareholders of the Issuer require InvestorCo approval so long as InvestorCo owns 5% of the issued and outstanding shares (fully-diluted). Subject to certain thresholds, transactions resulting in a change of control do not require Board approval, but require approval of either InvestorCo or consent of Shareholders holding at least 85% of voting shares.

<u>Control of TGOD</u>

The Shareholders' Agreement provides for the composition of the Board of Directors of TGOD. The Issuer and the Board of the Issuer have full and complete power to manage and supervise the management of, the business and affairs of TGOD in accordance with the Shareholders' Agreement, subject to TGOD's governing legislation.

<u>Restriction on Transfer of Shares</u>

Common Shares of the Issuer may not be transferred unless done so in accordance with the Shareholders' Agreement. InvestorCo, 606, and the TGOD Group may transfer their shares to certain permitted transferees. All other proposed share transfers are subject to a right of first offer, certain share sale procedures and board approval. The Shareholders' Agreement also contains "piggy back rights" that apply to shareholders holding more than 60% of the common shares of the Issuer that wish to sell their shares and "drag along rights" that apply to all shareholders that wish to sell their shares.

Escrow of Shares upon Initial Public Offering

In connection with an initial public offering, all Shareholders will enter into agreements restricting the ability to transfer or otherwise dispose of any common shares until 180 days after the completion of an initial public offering.

(c) **Construction Management Contract**

TGOD entered into a construction management contract dated February 2, 2017 with Ledcor Construction Limited (the "**Ledcor Agreement**"). The Ledcor Agreement provides Ledcor to manage the construction of an approximately 153,000 sq. ft. cannabis production facility at the Hamilton Facility, with work commencing on March 1, 2017. The services and work to be provided under the Ledcor Agreement are guaranteed not to exceed $22,148,200.

(d) **Master Purchase Agreement**

TGOD entered into a Master Purchase Agreement (the "**MPA**") with Eaton Corporation dated October 3, 2017 which provides for TGOD to purchase from Eaton power distribution and control products, power quality products, including battery replacement services, and power delivery products and power reliability products. The MPA will remain effective for five years, unless terminated in accordance with the terms of the MPA. Cost of products will be determined on a product by product basis.

(e) **Technical Services Agreement**

The Issuer entered into a technical services agreement dated August 1, 2017 with Hamilton Utilities Corporation which provides for the provision of services related to a combined heat and power plant at the Hamilton Facility.

(f) **Consulting Agreement with 2454594 Ontario Limited**

TGOD entered into a consulting agreement with 2454594 Ontario Limited, a company 50% owned by Scott Skinner, dated November 24, 2016 pursuant to which Mr. Skinner will provide cannabis related consulting services to TGOD for an indefinite term. 2454594 Ontario Limited will receive an annual fee of $50,000.

(g) **Technical Consultancy Agreement with Larssen Ltd.**

TGOD entered into a technical consultancy agreement with Larssen Ltd. dated January 9, 2017 for work relating to the design and construction of the Issuer's cannabis greenhouse at the Hamilton Facility. The Issuer paid a $5,000 retainer for the project and with monthly billing at hourly rates for the consultants on the project.

Item 3: Interests of Directors, Management, Promoters and Principal Holders

3.1 *Compensation and Securities Held*

The following table provides information about each director, officer and promoter of the Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a "**Principal Holder**").

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or Principal Holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of the Minimum Offering[(1)]	Number, type and percentage of securities of the Issuer held after completion of the Maximum Offering[(1)]
(i) Directors				
Robert Anderson Bonaire	Director and Chief Executive Officer since November 24, 2016	2016 – $1.00 2017 – $1.00 815,000 options	11,966,667 common shares[(2)] [(5)] (9.85%)	12,166,667 common shares[(2)] [(5)] (8.35%) 100,000 Warrants (0.02%)
Scott Skinner Ancaster, Ontario	Director and Chief Facilities Officer since June 1, 2017. Chief Operating Officer from November 24, 2016 to June 1, 2017.	2017 - $175,000 in common shares 210,000 options	11,950,000 common shares[(3)] (9.84%)	11,950,000 common shares[(3)] (8.20%)
Jeffrey Paikin Ancaster, Ontario	Director since November 24, 2016	2016 – nil 2017 - 165,000 options	2,162,069 common shares held indirectly[(4)]	2,162,069 common shares held indirectly[(4)]
Ian Wilms Ancaster, Ontario	Director since November 24, 2016	2016 – nil 2017 – $68,750 250,000 options	100,000 common shares[(4)] (<0.01%), 1,081,034 common shares held indirectly[(4)]	100,000 common shares (<0.01%), 1,081,034 common shares held indirectly[(4)]
David Doherty Vancouver, B.C.	Director since November 24, 2016	2016 – nil 2017- 565,000 options	900,000 common shares held indirectly[(5)]	900,000 common shares held indirectly[(5)]
Marc Bertrand Hudson, Québec	Director since September 19, 2017	2016 –nil 2017 – 225,000 options	348,000 common shares (0.02%) 348,000 warrants (0.13%)	598,000 common shares (0.04%) 473,000 warrants (0.12%)

(ii) Officers				
Csaba Reider Newmarket, Ontario	President since May 1, 2017	2016 - nil 2017 - $133,333 $117,994 in common shares 750,000 options	333,333 common shares (0.02%) 333,333 warrants (0.12%)	333,333 common shares (0.02%) 333,333 warrants (0.08%)
Marc Cernovitch Ancaster, Ontario	Executive Vice-President, Project Operations since June 21, 2017. Secretary since November 16, 2016. President from November 16, 2016 to May 1, 2017	2016 - $7,000 2017 - $118,500 600,000 options	1,200,000 common shares(2) (0.10%), 766,667 common shares held indirectly(5)	1,200,000 common shares(2) (0.10%), 766,667 common shares held indirectly(5)
Amy Stephenson Toronto, Ontario	Chief Financial Officer since September 22, 2017	2016 – nil 2017 - $60,000 500,000 options	Nil common shares	15,000 common shares (<0.01%) 7,500 Warrants (<0.01%)
Jim Shone Toronto, Ontario	Chief Financial Officer from January 12, 2017 to September 22, 2017. Executive Vice-President, Operations since September 22, 2017.	2016 - $7,000 2017 - $118,500 $22,124 in common shares 530,000 options	65,217 common shares (<0.01%) 65,217 warrants (0.01%)	65,217 common shares (<0.01%) 65,217 warrants (0.01%)
Brett Allan Ancaster, Ontario	Vice President, Investor Relations since December 1, 2016.	2016 - $7,000 2017 - $84,000 415,000 options	600,000 common shares(2) (0.05%), 600,000 common shares held indirectly (5)	600,000 common shares(2) (0.05%), 600,000 common shares held indirectly (5)
(iii) Other Insiders				
2249606 Ontario Inc.	N/A	N/A	31,350,000 common shares(4) (25.82%)	31,350,000 common shares(4) (21.53%)

(1) Assuming no exercise of Warrants that form part of the Units.

(2) Held through Technical Administration Overseas S.A.

(3) In addition to any shares of the Issuer held directly, the holder also has an interest in shares of the Issuer held by 2454594 Ontario Limited, which holds 11,500,000 common shares of the Issuer. Scott Skinner owns 50% of the common shares of 24545594 Ontario Limited and Jeannette Vandermarel holds the remaining 50%.

(4) 2249606 Ontario Ltd., is a wholly-owned subsidiary of 2249605 Ontario Ltd. ("**605 Ontario**"), a private company. The shareholders of 605 Ontario have an indirect interest in shares of the Issuer. Jeffrey Paikin is a beneficiary of The Jeffrey Paikin Family Trust which holds 6.90% of the common shares of 605 Ontario. Ian Wilms is a beneficiary of The Ian Wilms Family Trust which holds 3.44% of the common shares of 605 Ontario.

(5) The holder has an indirect interest in shares of the Issuer through such holders shareholdings in 1092991 B.C. Ltd. ("**InvestCo**"), a company that holds 12,100,000 common shares of the Issuer. Robert Anderson holds 22.87% of the common shares of InvestCo, DD Mercantile Corp., a company owned by David Doherty, holds 7.43% of the common shares of InvestCo, Marc Cernovitch holds 6.34% of the common shares of InvestCo and Brett Allan holds 4.95% of the common shares of InvestCo.

3.2 ***Management Experience***

Name	**Principal occupation and related experience**
Robert Anderson Director and Chief Executive Officer	Mr. Anderson, 47, has been the Chief Executive Officer of Access Capital, a venture capital/merchant bank that provides M&A, financial restructuring and advisory and capital raising services for public and private companies since 2012. Mr. Anderson has 20 years experience working with micro-cap companies in a broad range of sectors. He spent 12 years working as an investment advisor at a leading Canadian independent brokerage firm.
Csaba Reider, President	Mr. Reider, 61, the President of the Issuer, has 35 years experience as a senior executive in the consumer packaged goods industry. Mr. Reider was also the Chief Executive Officer of SunPac Foods (November 2011 to April 2015), President and Chief Executive Officer of Xyience Inc. (April 2008 to April 2010). He is the former Vice-President, Global Sourcing and Six Sigma, of Cott Corporation (January 1999 to April 2007). He has sat on the boards of Associated Brands, GP Corporation, FoodCor Corporation and Iroquois Water Ltd.
Amy Stevenson Chief Financial Officer	Mrs. Stephenson, 59, has over 20 years of executive experience in both the private and public sectors. Mrs. Stephenson was the Chief Financial Officer of Branson Corporate Services where she acted as the Chief Financial Officer of Aurora Cannabis Inc. Prior to that, Mrs. Stephenson was the Chief Financial Officer of Bedrocan Cannabis Corp. Inc. (May 2015 to April 2016) and controller at Canopy Growth Inc. From January 2013 until November 2016, Mrs. Stephenson was the CFO of Goldeye Explorations Limited. She is a board member of the CFA Society Toronto and was a Non-member Council and Chair of Audit Committee of the Association of Professional Geoscientists Ontario for six years. She is a CFA Charter holder and a Chartered Professional Accountant. Mrs. Stephenson has a Bachelors Degree from the University of Hong Kong and an MBA from California State University, Sacramento.
Marc Cernovitch Executive Vice-President, Project Operations and Secretary	Mr. Cernovitch, 43, has 20 years of investment and corporate finance experience, providing capital markets advisory services to companies across both public & private sectors, with a focus on corporate development funding and, building companies primarily in the resource and energy technology fields. Mr. Cernovitch was the President and Chief Executive Officer of Rockshield Capital Corp. from November 2011 to June 2014, and has served as a director since June 2013. He has served as a director and advisor to numerous small and mid-cap companies contemplating and/or executing financing and M&A transactions. He has a Bachelor of Arts in Economics from McGill University.
Jim Shone Vice-President, Operations	Mr. Shone, 43, has 20 years experience in the Canadian financial services industry, focused on small to medium sized enterprises, including 12 years commercial banking experience. Mr. Shone was at BDC for seven years and a factoring company for 4 ½ years performing in a variety of roles, from simple accounts receivable financing, to unsecured sub-debt to contract and PO funding. He founded Firepower Financial in by merging Shone Capital Partners investment banking operations into Firepower Capital, growing the business from one founder to 16 full time employees in four years. Recently he was the Chief Financial Officer and the Director of Sales for a digital Healthcare software provider, implementing financial controls and systems, revamped pricing and overall business model, and rebuilt the quote, contract and execution model.
Scott Skinner, Director and Chief Facilities Officer	Mr. Skinner, 57, is a cofounder and Chief Operating Officer of TGOD and has been an officer of TGOD since 2012. He engineered, designed and oversaw the construction of the TGOD production facility. This state-of-the-art facility now houses over 35 varieties of cannabis. Mr. Skinner's current ongoing projects are the research and development of LED based Light Spectrum Optimization Technology for best cannabis production yields along with the development of

	Tissue Culture Propagation Protocols for the rapid cloning of cannabis plants. He has a diverse mechanical and engineering background and continues to help direct and lead the expansion plans of TGOD. Ensuring the company continues to grow the best possible cannabis using up-to-date and cost effective strategies.
Brett Allan, Vice President, Investor Relations	Mr. Allan, 31, is the President and Chief Executive Officer of Apex Capital Inc since December 2010. He was the Director of Investor Relations for OrganiGram from June 2014 to December 2015. Mr. Allan has been involved in corporate communications and investor relations for mining companies since 2008.
Ian Wilms, Director	Mr. Wilms, 49, has 25 years of global business experience leading successful entrepreneurial and corporate ventures. He was an executive with IBM for 14 years, leading and managing sales and operational teams across North and South America. He is a Certified Client Executive from the Harvard Business School and a graduate of McMaster University in Hamilton. He was the Chairman of the Calgary Police Commission in 2005 and was elected President of the Canadian Association of Police Boards in 2006. Mr. Wilms served 10 years with the Canadian Military as an Officer LT (N) in the Naval Reserve. He is currently the Vice President of Sales and Marketing for Energy Advantage, a leader in helping corporations become energy efficient and reduce their carbon footprint.
David Doherty, Director	Mr. Doherty, 45, has been the President and Chief Executive Officer of Rockshield Capital Corp, an investment issuer since June 2016. Mr. Doherty is also the Founder and has been the President of DD Mercantile Corp., offering merchant banking and Corporate Advisory services to a number of companies across many sectors, since 2007. Mr. Doherty holds a Bachelor of Arts Degree from Simon Fraser University, with a major in Finance. Mr. Doherty has over 20 years of investment and finance experience and has been an investment advisor with Canaccord Capital Corporation. He previously sat on the Boards of LP's Organigram and Emblem Corp.
Jeffrey Paikin, Director	Mr. Paikin, 54, is the president and founder of New Horizon Development Group. In 2013 he was named RBC Distinguished Citizen of the Year for Hamilton. Mr. Paikin is very active in the home building industry as a past president of the Hamilton Halton Home Builders' Association and a former board member of both the Ontario Home Builders' Association and the Canadian Home Builders' Association. He is a member of the Hamilton Tiger Cats advisory board and the Hamilton Bulldogs Community Foundation board and is the current Chair of the Hillfield Strathallan College Capital Campaign and a past Chair of the board of both Hillfield Strathallan College and the Canadian Accredited Independent Schools (CAIS.ca).
Marc Bertrand Director	Mr. Bertrand, 49, is a consumer products executive with 30 years of experience in brand building, strategic licensing, international markets and manufacturing. Mr. Bertrand is the President of PHAZTOO Inc. He was the President and Chief Executive Officer of Mega Brands Inc. from November 1985 to April 2014 until it was sold to Mattel Inc.

3.3 *Penalties, Sanctions and Bankruptcy*

No current or proposed director, officer, control person or promoter or the Issuer has, within the 10 years prior to the date of this Offering Memorandum, been subject to any penalties or sanctions imposed by a court or securities regulatory authority. No issuer of which a current or proposed director, officer, control person or promoter of the Issuer was a director, senior officer or control person at the applicable time has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of such issuer.

No current or proposed director, officer, control person or promoter of the Issuer or any issuer of which such person was a director, senior officer or control person at the applicable time has, within the ten years prior to date of this

Offering Memorandum, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets

Item 4: Capital Structure

4.1 *Share Capital*

The authorized share capital of the Issuer consists of an unlimited number of common shares (the "**Common Shares**"). As of the date of this Offering Memorandum, 121,397,222 Common Shares were issued and outstanding as fully paid and non-assessable shares.

Common Shares

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Issuer, to one vote per share at meetings of shareholders of the Issuer and, upon liquidation, to receive such assets of the Issuer as are distributable to the holders of Common Shares after payment of the Issuer's creditors. All Common Shares outstanding on completion of this Offering will be fully paid and non-assessable. There are no pre-emptive rights or conversion rights attached to the Common Shares. There are also no warrants, redemptions or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Common Shares.

Holders of Common Shares are subject to the Shareholders' Agreement. See Item 2.7 "Material Agreements".

Warrants

Certain warrants of the Issuer have been issued pursuant to the following warrant indentures:

- Warrant Indenture dated March 24, 2017 between the Issuer and Computershare Trust Company of Canada, which provides for the issuance of up to 6,100,000 warrants of the Issuer issued in connection with a brokered offering of units of the Issuer. Each warrant is exercisable for one Common Share at the exercise price of $2.15, subject to adjustment, until March 24, 2019. The warrant expiry is subject to acceleration in the event the volume weighted average trading price of the Common Shares equals or exceeds $2.80 for a period of 10 consecutive trading dates on a stock exchange on which the Common Shares trade. The Warrants are subject to a contractual escrow period until six-months after the date the Issuer is listed on the TSX Venture Exchange, the Toronto Stock Exchange or the Canadian Securities Exchange.

- Warrant Indenture dated April 4, 2017 between the Issuer and Computershare Trust Company of Canada, which provides for the issuance of up to 21,585,913 warrants of the Issuer issued in connection with a non-brokered offering of units of the Issuer. Each warrant is exercisable for one Common Share at the exercise price of $2.15, subject to adjustment, until April 4, 2019. The warrant expiry is subject to acceleration in the event the volume weighted average trading price of the Common Shares equals or exceeds $2.80 for a period of 10 consecutive trading dates on a stock exchange on which the Common Shares trade. The Warrants are subject to a contractual escrow period until six-months after the date the Issuer is listed on the TSX Venture Exchange, the Toronto Stock Exchange or the Canadian Securities Exchange.

Additional warrants of the issuer have been issued pursuant to individual warrant certificates.

Share Options

The Issuer has in place a share option plan (the "**Plan**") which was approved by directors on February 2, 2017. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Issuer and thereby encourage their continuing association with the Issuer. The Plan is administered by the Chief Executive Officer and provides that options will be issued to directors, officers, employees or consultants of the Issuer or a subsidiary of the Issuer. The number of Common Shares issuable under the Plan may not exceed 10% of the total number of issued and outstanding Common Shares from time to time. All share options expire on a date not later than 10 years after the date of grant of such option.

4.2 Capitalization Table

The following table sets forth the capitalization of the Issuer as at September 30, 2017, and the pro forma capitalization after the Maximum Offering.

Description of security	**Number authorized to be issued**	**Price Per Security**	**Number outstanding as at September 30, 2017**	**Number outstanding after Maximum Offering**
Common Shares	Unlimited	N/A	121,397,222	145,639,646
Warrants(1)	N/A	N/A	25,870,633	37,991,845
Share Options(2)	N/A(3)	$0.50 $1.15	6,000,000 1,525,000	6,000,000 1,525,000

(1) See Section 4.1 –"Share Capital – Warrants" for a description of the Warrants.
(2) See Section 4.1 – "Share Capital – Share Options" for a description of the share options.
(3) Number of share options issuable limited to a rolling 10% of issued and outstanding common shares.

4.3 *Long Term Debt Securities*

The Issuer has no long term debt securities.

4.4 *Prior Sales*

In the 12 months prior to the date of this Offering Memorandum, the Issuer has issued the following securities:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received (C$)
November 24, 2016	Common Shares	3,124,462	$0.227	$710,131.50
November 24, 2016	Common Shares	9,180,534	$0.077	$710,131.50
November 24, 2016	Common Shares(1)	11,550,000	N/A	N/A
November 24, 2016	Common Shares	8,975,538	$0.227	$2,039,868.50
November 24, 2016	Common Shares	13,570,475	$0.07	$948,649.50
November 24, 2016	Common Shares	8,598,991	$0.08	$665,100.80

December 22, 2016	Common Shares	240,000	$0.50	$120,000.00
December 28, 2016	Common Shares	5,047,000	$0.50	$2,523,500.00
December 28, 2017	Common Shares(2)	22,400	$0.50	$11,200.00
December 30, 2016	Common Shares	60,000	$0.50	$30,000.00
January 3, 2017	Common Shares	300,000	$0.50	$150,000.00
January 3, 2017	Common Shares(2)	24,000	$0.50	$12,000.00
January 5, 2017	Common Shares	1,961,950	$0.50	$980,975.00
January 9, 2017	Common Shares	3,075,786	$0.50	$1,537,893.00
January 9, 2017	Common Shares(2)	236,000	$0.50	$118,000.00
January 17, 2017	Common Shares	11,351,000	$0.50	$5,675,500.00
January 17, 2017	Common Shares(2)	1,058,080	$0.50	$529,040.00
February 1, 2017	Common Shares	1,457,412	$0.50	$728,706.00
February 14, 2017	Common Shares	3,068,024	$0.50	$1,534,012.00
February 21, 2017	Common Shares(2)	86,208	$0.50	$43,104.00
March 24, 2017	Common Shares and Warrants(3)	19,083,903	$1.15	$21,946,488.45
March 24, 2017	Common Shares and Warrants(3) (4)	780,663	$1.15	$897,762.45
April 3, 2017	Common Shares(2)	669,372	$0.50	$334,686.00
April 4, 2017	Common Shares and Warrants(5)	4,850,768	$1.15	$5,578,383.20
April 4, 2017	Finder’s Shares and Warrants(3) (4)	372,162	$1.15	$427,986.30
April 5, 2017	Common Shares(6)	11,000,000	$0.07	N/A
April 10, 2017	Finder’s Shares and Warrants(3) (4)	8,849	$1.15	$10,176.35
April 13, 2017	Common Shares and Warrants(3)	4,500	$1.15	$5,175.00
April 18, 2017	Finder’s Shares and Warrants(3) (4)	12,000	$1.15	$13,800.00
April 19, 2017	Common Shares and Warrants(3)	708,000	$1.15	$814,200.00
April 19, 2017	Finder’s Shares and Warrants(3) (4)	49,560	$1.15	$56,994.00

May 12, 2017	Finder's Shares and Warrants(3) (4)	258	$1.15	$296.70
May 26, 2017	Common Shares(7)	360,400	$0.50	$180,200.00
August 18, 2017	Common Shares and Warrants(8)	508,927	$1.15	$585,266

Notes:

(1) Issued pursuant to the Amended and Restated Purchase Agreement dated November 24, 2016 (see item 2.7(a) above).
(2) Issued as compensation to finders under an offering of Common Shares at a price of $0.50 per Common Share.
(3) Each warrant is exercisable to acquire one Common Share at a price of $2.15 per share for a period expiring March 24, 2019.
(4) Issued as compensation to finders under an offering of units at a price of $1.15 per unit.
(5) Each warrant is exercisable to acquire one Common Share at a price of $2.15 per share for a period expiring April 4, 2019.
(6) Issued pursuant to the Financial Services Agreement dated November 24, 2016 between the Issuer and Technical Administration Overseas S.A., as amended. The number of shares issued pursuant to this agreement should have been 11,000,000 but 11,500,000 were issued in error in April 2017. Accordingly, in September 2017, the shares were cancelled and 11,000,000 shares were reissued.
(7) Issued 350,000 Common Shares to Scott Skinner as compensation for employment and issued 10,400 Common Shares as compensation to a finder.
(8) Each warrant is exercisable to acquire one Common Share at a price of $2.15 per share for a period expiring August 18, 2019.

Item 5: Securities Offered

5.1 *Terms of Securities*

Common Shares

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Issuer, to one vote per share at meetings of shareholders of the Issuer and, upon liquidation, to receive such assets of the Issuer as are distributable to the holders of Common Shares after payment of the Issuer's creditors. All Common Shares outstanding on completion of this Offering will be fully paid and non-assessable. There are no pre-emptive rights or conversion rights attached to the Common Shares. There are also no warrants, redemptions or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Common Shares. All holders of Common Shares must enter into an accession agreement to become a part to the Shareholders' Agreement.

The Common Shares issued as part of the Units will be subject to a to a lock-up period. See Item 10.3 of the Offering Memorandum.

Warrants

Each whole Warrant is exercisable into a Common Share (each, a "**Warrant Share**") at a price of $3.00 per Warrant Share until the earlier of 36 months from the date the Issuer's Common Shares are listed for trading on a national Canadian or U.S. (as determined by the Issuer) securities exchange or trading system (the "**Listing Date**") and February 28, 2021. The Warrant Shares will be subject to a lock-up period. See Item 10.3 of the Offering Memorandum. The Warrants do not entitle the holder thereof to any voting rights or other rights to which a holder of Common Shares is entitled until such time as the Warrants are exercised and the exercise price is paid in full. The Warrants are subject to adjustment in the event of certain corporate events, such as share splits and consolidations, in order to keep the economic interest of the holder the same as it would have been prior to the occurrence of such event.

5.2 *Subscription Procedure*

Subscribers that are subscribing under for Units pursuant to the <u>Non-Brokered Offering</u> will complete the applicable non-brokered subscription agreement.

Subscribers that are subscribing for Units pursuant to the <u>Brokered Offering</u> will complete the applicable brokered subscription agreement.

The Units are offered for sale to qualified purchasers in the Provinces of Alberta, British Columbia, Ontario, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island and the territories of Nunavut, Yukon and Northwest Territories and such other jurisdictions as the Issuer may decide, in reliance upon exemptions from the prospectus requirements of applicable securities legislation.

You will be provided with this Offering Memorandum and a subscription agreement (the "**Subscription Agreement**") by the Issuer. If you wish to purchase Units under this Offering, you must complete and sign the Subscription Agreement as set out below.

All Subscribers must complete and sign the Subscription Agreement.

<u>**Accredited Investors:**</u>

If you are an accredited investor who is an individual (i.e. a natural person), please complete and sign the **Accredited Investor Questionnaire for Individuals** attached to the Subscription Agreement, and, if necessary, **Form 45-109F6 – Form for Individual Accredited Investors** attached to the Subscription Agreement**.** If you are a corporation, partnership or other entity, please complete the **Accredited Investor Certificate for Corporations, Partnerships and Other Entities** attached to the Subscription Agreement.

<u>**Friends, Family and Business Associates:**</u>

If you are relying on the "family, friends and business associates" exemption, complete and sign the **Family, Friends and Business Associates Certifications** attached to the Subscription Agreement. If you are an Ontario resident you must also complete **Form 45-106F2 – Ontario Risk Acknowledgement Form** attached to the Subscription Agreement. If you are a Saskatchewan resident you must also complete **Form 45-106F5 – Saskatchewan Risk Acknowledgement Form** attached to the Subscription Agreement.

<u>If you are NOT an Accredited Investor nor a Friend, Family or Business Associate see below and are subscribing pursuant to the Offering Memorandum exemption (not applicable to Québec purchasers)</u>:

<u>British Columbia and Newfoundland and Labrador Subscribers:</u>

Please complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

<u>Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan Subscribers:</u>

1. Please complete and sign the **Classification of Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, the **Investment Limits for Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, and complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

2. If you are purchasing Units having an aggregate subscription price of greater than $10,000 and less than $30,000, you must be an "eligible purchaser" as defined below.

3. If you are purchasing Units having an aggregate subscription price of greater than $30,000 and less than $100,000, you must be an "eligible purchaser" as defined below AND have received advice from a portfolio manager, investment dealer or exempt market dealer that the Units is a suitable investment for you.

Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon Subscribers:

1. Please complete and sign the **Classification of Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, the **Investment Limits for Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, and complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

2. If you are purchasing Units having an aggregate subscription price of greater than $10,000, you must be an "eligible purchaser" as defined below.

An "**eligible investor**" means

(a) a person whose

(i) net assets, alone or with a spouse, in the case of an individual, exceed $400 000,

(ii) net income before taxes exceeded $75 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded $125 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,

(b) a corporate entity/partnership/trust of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,

(c) an accredited investor,

(d) a person who is a family member, friends and business associates, or

(e) in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;

Please return the applicable completed forms, and such other documents as may be requested by the Issuer, together with a wire transfer, certified cheque or bank draft for the full subscription amount of the Units you wish to purchase as instructed in the appropriate subscription agreement. The Issuer reserves the right to reject or allot subscriptions, in whole or in part, and to close subscriptions at any time without notice.

The Issuer undertakes to hold all subscription funds in trust until the closing and will return subscription funds to you without interest or deduction if: (a) you give notice to the Issuer of cancellation of your subscription no later than midnight on the second business day after you sign the Subscription Agreement; or (b) if the subscription is not accepted.

At the Closing the Issuer will cause to be issued Units against receipt of the subscription proceeds from each purchaser. The Units subscribed for will be paid for and duly issued in the name of or as directed by each purchaser. The direct registration statements representing the Common Shares and Warrants will be legended to reflect the resale restrictions described herein.

There is no minimum offering. As such, you may be the only purchaser.

Item 6: Canadian Income Tax Consequences and RRSP Eligibility

6.1 Tax Advice

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Prospective purchasers should consult their own tax advisors for advice with respect to the income tax consequences associated with their acquisition, holding, and disposition of securities under this Offering Memorandum and with respect to their particular circumstances. Neither the Issuer nor its counsel makes any representations with respect to the income tax consequences to any prospective purchasers.

6.2 RRSP Eligibility

Not all securities are eligible for investment in a registered retirement savings plan ("**RRSP**"). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

Item 7: Compensation Paid to Sellers and Finders

Under the Non-Brokered Offering, the Issuer may issue Units equal to 8% of the securities purchased by purchaser to certain finders as compensation, provided such issuance is in compliance with applicable securities laws.

Under the Brokered Offering, the Issuer will pay to PI Financial Corp., GMP Securities L.P. and Industrial Alliance Securities Inc. (the "**Agents**"): i) a commission equal to 8% of the aggregate gross proceeds from the sale of the Units by the Agents in the brokered private placement payable by the Issuer to the Agents in the form of cash (the "**Cash Commission**"); and (ii) a commission equal to 8% of the aggregate gross proceeds from the sale of the Units by the Agents in the brokered private placement payable by the Issuer to the Agents in the form of broker warrants ("**Broker Warrants**" and collectively with the Cash Commission, the "**Commission**") whereby each Broker Warrant will carry the right to purchase one Common Share at an exercise price of $3.00 per Common Share and will expire on the earlier of the date which is 36 months after the Listing Date and February 28, 2021. Notwithstanding the foregoing, the Agents will retain 1.5% of the Commission on all commission earned by the Agents. Such Commission will be allocated amongst the Agents on a pro-rata basis to their percentage of the syndicate. The Agents may elect to receive the Commission by the issuance of Units equal to 8% of the number of Units sold by the Agents in the brokered private placement pursuant to the Offering. The Issuer will also pay a corporate finance fee to PI Financial Corp. in the form of $50,000 cash and 70,000 Units plus applicable taxes and will reimburse the Agents for certain expenses incurred by the Agents in connection with the Offering, including reasonable legal expenses.

Item 8: Risk Factors

Any investment in the Issuer's securities offered hereby is speculative and involves a high degree of risk. You should carefully consider the following information about these risks together with the other information contained in this Offering Memorandum before you decide whether to buy such securities. If any of the following risks actually occur, the Issuer's business, results of operations, and financial condition could suffer significantly and you may lose all or part of your investment

Reliance on Licensing

The ability of the Issuer to continue its business of growth, storage and distribution of medical marijuana is dependent on the good standing of all licences, including the Licences and the licences to produce and sell cannabis products, and adherence to all regulatory requirements related to such activities. Any failure to comply with the terms of the licences, or to renew the licences after their expiry dates, would have a material adverse impact on the financial condition and operations of the business of the Issuer. Although the Issuer believes that it will meet the requirements of the ACMPR for future extensions or renewals of the licences, there can be no assurance that Health Canada will extend or renew the licences, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licences or should they renew the licences on different terms, the business, financial condition and operating results of the Issuer would be materially adversely affected. There can be no assurance that the Issuer will receive a cannabis oil extraction licence from Health Canada. Failure to receive a cannabis oil extraction licence would have an impact on the profitability of the Issuer.

Change in Law, Regulations and Guidelines

The Issuer's business is subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Issuer's operations.

On February 24, 2016, the Federal Court released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section 7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. The ACMPR could potentially decrease the size of the market for the Issuer's business, and potentially materially and adversely affect the Issuer's business, its results of operations and financial condition.

Regulatory Risk

Achievement of the Issuer's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by government authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Issuer's business, results of operation and financial condition.

Limited Operating History and No Assurance of Profitability

The Green Organic Dutchman Ltd., which prior to the completion of its acquisition by the Issuer was the entity in which the Issuer's business was organized, was incorporated under the *Canada Business Corporations Act*, and the business of the Issuer began operations in 2016, and has not begun to generate any revenue. The Issuer is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Issuer has incurred operating losses in recent periods. The Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Issuer expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Issuer's revenues do not increase to offset these expected increases in costs and operating expenses, the Issuer will not be profitable. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavourable Publicity or Consumer Perception

The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Ability to Raise Capital

The Issuer will continue to require significant additional financing beyond the proceeds of this Offering in order to sustain its business operations. There can be no assurances that the Issuer will be successful in obtaining additional financing. If the Issuer is unable to raise the necessary capital resources to meet its liabilities and to fund growth, the Issuer will at some point have to further reduce or curtail its operations or reconsider its growth, which would have a material adverse effect on the Issuer.

Competition

The market for the Issuer's products does appear to be sizeable and Health Canada has only issued a limited number of licences under the ACMPR to produce and sell medical marijuana. As a result, the Issuer expects significant competition from other companies due to the recent nature of the ACMPR regime. A large number of companies appear to be applying for production licences, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

Should the size of the medical marijuana market increase as projected the demand for products will increase as well, and in order for the Issuer to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Issuer is not successful in achieving sufficient resources to invest in these areas, the Issuer's ability to compete in the market may be adversely affected, which could materially and adversely affect the Issuer's business, its financial conditions and operations.

Realization of Growth Targets

The Issuer's ability to continue production of marijuana, at the same pace as of the date of this Offering Memorandum or at all, is affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

Uninsured or Uninsurable Risk

The Issuer may be subject to liability for risks against which it cannot insure or against which the Issuer may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Issuer's usual business activities. Payment of liabilities for which the Issuer does not carry insurance may have a material adverse effect on the Issuer's financial position and operations.

Key Personnel

The Issuer's success will depend on its directors' and officers' ability to develop and execute on the Issuer's business strategies and manage its ongoing operations, and on the Issuer's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants now that production and selling operations have begun. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Issuer's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Issuer will be able to attract or retain key personnel in the future, which may adversely impact the Issuer's operations.

Conflict of Interest

Certain of the Issuer's directors and officers are also directors and officers in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Issuer interests. In accordance with the *Canada Business Corporations Act*, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Litigation

The Issuer may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Issuer to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While the Issuer has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Issuer's business, operating results or financial condition.

Agricultural Operations

Since the Issuer's business will revolve mainly around the growth of medical marijuana, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Issuer expects to grow its product in a climate controlled, monitored, indoor location, there is no guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Issuer's ability to produce medical marijuana.

Transportation Disruptions

The Issuer will depend on fast, cost-effective and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Issuer. Rising costs associated with the courier service used by the Issuer to ship its products may also adversely impact the business of the Issuer and its ability to operate profitably.

Fluctuating Prices of Raw Materials

The Issuer's revenues, if any, are expected to be in large part derived from the production, sale and distribution of marijuana. The price of production, sale and distribution of marijuana will fluctuate widely due to how young the marijuana industry is and is affected by numerous factors beyond the Issuer's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Issuer and, therefore, the economic viability of any of the Issuer's business, cannot accurately be predicted.

Environmental and Employee Health and Safety Regulations

The Issuer's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Issuer will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an Environmental Compliance Approval or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Political and Economic Instability

The Issuer may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Issuer's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Facility Expansion

The construction of the Issuer's facility is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with our existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits from the construction of the new facility, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

No Market for Securities

There is currently no market through which any of the common shares of the Issuer may be sold and there is no assurance that such securities of the Issuer will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the common shares are listed on a stock exchange, holders of the common shares may not be able to sell their common shares. Even if a listing is obtained, there can be no assurance that an active public market for the common shares will develop or be sustained after completion of the Offering. The offering price determined by the Issuer is based upon several factors, and may bear no relationship to the price that will prevail in the public market. The holding of common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Issuer will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Issuer and its management.

Dividend Risk

The Issuer has not paid dividends in the past and does not anticipate paying dividends in the near future. The Issuer expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Holding Company Status

The Issuer is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. As a result, investors in the Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Issuer conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Issuer's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer.

Item 9: Reporting Obligations

We are not required to send you any documents on an annual or ongoing basis.

Item 10: Resale Restrictions

10.1 General Statement

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

In addition, the common shares of the Issuer are subject to a contractual escrow hold period and may not be sold until six (6) months after the Listing Date (as defined in Item 5.1). Common Shares issuable upon the exercise of Warrants are subject to a contractual escrow hold period and may not be sold until twelve (12) months after the Listing Date.

10.2 Restricted Period

Except in Manitoba and subject to the resale restrictions described in Items 10.1 and 10.3, unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada. The certificates representing the securities will bear a legend to this effect. In the event the Issuer becomes a reporting issuer in certain provinces of Canada by filing a prospectus, you will be able to trade your securities four months and one day after the date your securities were issued.

Manitoba Resale Restrictions

Subject to the resale restrictions described in Items 10.1 and 10.3, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

(a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

10.3 Shareholder Agreement Transfer Restrictions and Lock- Up Period

All shareholders of the Issuer are bound by the terms of the Shareholders' Agreement, which provides for restrictions on transfer of the Issuer's common shares. No common shares of the Issuer may be transferred except in accordance with the Shareholders' Agreement.

Lock- Up Period

The Common Shares issued as part of the Units will be subject to a to a lock-up period commencing on the Closing Date and ending on the date that is six (6) months following the Listing Date (the "**Common Share Lock-Up Period**"). Purchasers will not, directly or indirectly: (i) sell, offer, assign, transfer, encumber, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of (collectively, "**Transfer**") any of the Common Shares issued pursuant to the Offering; or (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement (including a monetization arrangement) that Transfers to another or has the effect of Transferring to another, in whole or in part, any of the economic consequences and benefits of ownership of the Common Shares issued pursuant to the Offering, whether any such transaction described herein is to be settled by the delivery of the Common Shares issued pursuant to the Offering, other securities, cash or otherwise; and the undersigned shall not announce during such period any intention to Transfer or otherwise engage in any such transaction with respect to any such Common Shares or such securities during or after such period.

The Warrant Shares will be subject to a to a lock-up period commencing on the Closing Date and ending on the date that is twelve (12) months following the Listing Date (the "**Warrant Share Lock-Up Period**"), the Subscriber will not, directly or indirectly: (i) Transfer any of the Warrant Shares; or (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement (including a monetization arrangement) that Transfers to another or has the effect of Transferring to another, in whole or in part, any of the economic consequences and benefits of ownership of the Warrant Shares, whether any such transaction described herein is to be settled by the delivery of the Warrant Shares issued pursuant to the Offering, other securities, cash or otherwise; and the undersigned shall not announce during such period any intention to Transfer or otherwise engage in any such transaction with respect to any such Warrant Shares or such securities during or after such period.

Item 11: Purchasers' Rights

Securities legislation in certain provinces of Canada require purchasers to be provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and/or any amendment to it contains a misrepresentation. These remedies must be exercised by the purchaser within the time limits prescribed by applicable securities legislation. Purchasers should refer to the applicable provisions of securities legislation for the complete text of these rights or consult with a legal adviser.

The rights of action hereby granted by the Issuers are in addition to and without derogation from any right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

If you purchase Units you will have certain rights, some of which are described below. These rights may not be available to you if you purchase the Units pursuant to a prospectus exemption other than the offering memorandum exemption in Section 2.9 of NI 45-106. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right

You can cancel your agreement to purchase these Units. To do so, you must send a notice to us by midnight on the second (2^{nd}) business day after you sign the agreement to buy the Units.

Purchasers' Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. Purchasers of Units resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Issuer in connection with this Offering.

Cautionary Note

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces and territories of Canada and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province or territory along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Statutory Rights

British Columbia, Alberta, Manitoba, or Newfoundland and Labrador*:* If you are a resident of British Columbia, Alberta, Manitoba or Newfoundland and Labrador, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Units, or

(b) for damages against the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Prince Edward Island, the Northwest Territories, New Brunswick, Nunavut and Yukon*:* If you are a resident of Prince Edward Island, the Northwest Territories, Nunavut or Yukon, and there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Units, or

(b) for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Saskatchewan*:* If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Units, or

(b) for damages against the Issuer, every promoter of the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum, every person whose consent has been filed in respect of the Offering Memorandum, but only with respect to reports, opinions or statements made by them. and every person or company that sells these Units on behalf of the Issuer.

Nova Scotia*:* If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the seller to cancel your agreement to buy these Units, or

(b) for damages against the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Ontario*:* If you are a resident of Ontario and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to:

(a) sue for damages against the Issuer and a selling security holder on whose behalf the distribution is made; or

(b) sue the Issuer or the selling security holder on whose behalf the distribution is made to cancel your agreement to buy these Units.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Issuer, persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

In Ontario, these rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Units.

In British Columbia, Alberta, Prince Edward Island, Newfoundland and Labrador, Ontario, the Northwest Territories, Nunavut and Yukon, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the Units.

In Saskatchewan and New Brunswick, you must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date you purchased the Units.

In Manitoba, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and two years after the date you purchased the Units.

In Nova Scotia, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities. Furthermore, no action shall be commenced to enforce the right of action discussed above unless an action is commenced to enforce that right not later than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Item 12: Financial Statements

Accompanying this Offering Memorandum are the following financial statements:

For the Issuer

- the audited consolidated financial statements as at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016; and
- the unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2017.

For TGOD

- the audited financial statements as at and for the year ended December 31, 2015 and the unaudited financial statements as at December 31, 2014 and January 1, 2014 and for the year ended December 31, 2014
- the unaudited interim financial statements for the three and nine months ended September 30, 2016 and 2015.

Consolidated financial statements of

The Green Organic Dutchman Holdings Ltd.

As at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016

The Green Organic Dutchman Holdings Ltd.

As at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016

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Independent Auditor’s Report

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To the Board of Directors of
The Green Organic Dutchman Holdings Ltd.

We have audited the accompanying consolidated financial statements of The Green Organic Dutchman Holdings Ltd., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations and comprehensive loss, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the period from the date of incorporation on November 16, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal 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 consolidated financial statements.

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

Opinion
In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of The Green Organic Dutchman Holdings Ltd. as at December 31, 2016, and its financial performance and its cash flows for the period from the date of incorporation on November 16, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
We draw attention to Note 2 to the financial statements which describes the uncertainty related to The Green Organic Dutchman Holdings Ltd.'s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

/s/Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
October 19, 2017

The Green Organic Dutchman Holdings Ltd.

Consolidated statement of financial position
as at December 31, 2016

(In Canadian dollars)

	$
Assets	
Current assets	
Cash	**2,808,738**
Restricted cash (Note 8)	**3,175,764**
Prepaid expenses	**49,643**
Harmonized Sales Tax receivable	**41,836**
Biological assets (Note 4)	**33,301**
	6,109,282
Property, plant and equipment (Note 5)	**965,915**
Deposit on property (Notes 10 and 15)	**250,000**
Intangible assets (Notes 6 and 7)	**5,870,099**
Goodwill (Note 6)	**2,163,513**
	15,358,809
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	**123,541**
Deferred subscription receipts (Note 8)	**3,175,764**
Loans from related parties (Notes 10 and 15)	**250,000**
Deferred tax liability (Note 9)	**1,555,576**
	5,104,881
Shareholders' equity	
Share capital (Note 8)	**10,415,082**
Deficit	**(161,154)**
	10,253,928
	15,358,809

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Green Organic Dutchman Holdings Ltd.

Consolidated statement of operations and comprehensive loss period from the date of incorporation on November 16, 2016 to December 31, 2016

(In Canadian dollars)

	$
Unrealized gain on changes in fair value of biological assets	**33,301**
Expenses	
Marketing	**18,171**
Research and development	**59,438**
General and administration	**49,143**
Depreciation and amortization	**35,143**
Acquisition cost	**40,484**
	202,379
Loss before income taxes	**(169,078)**
Income tax recovery (Note 9)	**7,924**
Net loss and total comprehensive loss	**(161,154)**
Loss per share, basic and diluted	
Net loss per share (Note 3)	**(0.00291)**
Weighted average number of outstanding common shares	**55,471,032**

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Green Organic Dutchman Holdings Ltd.

Consolidated statement of changes in shareholders' equity
period from the date of incorporation on November 16, 2016 to December 31, 2016
(In Canadian dollars)

	Number of shares	Share capital	Accumulated deficit	Total
		$	$	$
Opening balance November 16, 2016	-	-	-	-
Issuance of shares for TGOD acquisition	11,550,000	2,656,500	-	2,656,500
Issuance of shares to fund TGOD acquisition	34,851,009	4,408,781	-	4,408,781
Issuance of shares to settle debt	8,598,991	665,101	-	665,101
Issuance of agent compensation shares	22,400	11,200	-	11,200
Private placement of common shares	5,367,000	2,673,500	-	2,673,500
Net loss and comprehensive loss	-	-	(161,154)	(161,154)
Balance, December 31, 2016	**60,389,400**	**10,415,082**	**(161,154)**	**10,253,928**

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Green Organic Dutchman Holdings Ltd.

Consolidated statement of cash flows
period from the date of incorporation on November 16, 2016 to December 31, 2016
(In Canadian dollars)

	$
Operating activities	
Net loss after income taxes	**(161,154)**
Items not affecting cash	
Depreciation of property, plant and equipment	**5,239**
Amortization of intangible assets	**29,904**
Unrealized gain on change in fair value of biological assets	**(33,301)**
Agent compensation shares issued	**11,200**
Deferred tax recovery	**(7,924)**
Changes in non-cash operating working capital items (Note 11)	**59,357**
	(96,679)
Investing activities	
Net cash outflow on acquisition of subsidiary (Note 6)	**(3,937,445)**
Purchases of property, plant and equipment (Note 5)	**(24,318)**
Deposit on property acquisition	**(250,000)**
	(4,211,763)
Financing activities	
Proceeds from issuance of common shares to fund acquisition	**4,408,781**
Proceeds from issuance of shares in private placement	**2,673,500**
Deferred share subscription receipts	**3,175,764**
Proceeds of loans from related parties	**250,000**
Repayment of shareholder loan	**(215,101)**
	10,292,944
Net cash inflow (outflow)	**5,984,502**
Cash, beginning of period	**-**
Less: restricted cash (Note 8)	**(3,175,764)**
Cash, end of period	**2,808,738**

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

1. Description of business

The Green Organic Dutchman Holdings Ltd. is a corporation, incorporated on November 16, 2016, in Canada, under the *Canada Business Corporations Act* with its registered head office located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3.

The consolidated financial statements as at December 31, 2016 and for the period from the date of incorporation of November 16, 2016 to December 31, 2016 include The Green Organic Dutchman Holdings Ltd. and its subsidiary (together referred to as "TGODH" or the "Company"). The Company's subsidiary is The Green Organic Dutchman Ltd. ("TGOD" or the "Subsidiary") which is a licensed producer of medical cannabis in Canada. The principal activities of TGOD are the production of medical cannabis including the growing and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR").

On November 24, 2016, the Company acquired TGOD which included all the issued and outstanding common shares of TGOD. TGOD became a subsidiary of the Company upon the closing of the transaction. Additional information on the transaction is disclosed in Note 6.

2. Basis of presentation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on October 19, 2017.

Basis of measurement

These consolidated financial statements have been presented in Canadian dollars on a historical cost basis. The Company's functional currency is Canadian dollars. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of operations and comprehensive loss are presented by function. The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

Going concern

During the period November 16, 2016 to December 31, 2016, the Company had a net loss of $169,078 and negative cash flows from operations of $96,679 and positive working capital of $1.0 million. The positive working capital balance was mainly due to having a cash balance of $2.8 million. Given the Company maintained positive cash flows in the absence of revenues, it believes that it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its expansion plan and to bring the growing operation to commercial scale. There is also uncertainty at December 31, 2016 whether the Company will be successful in obtaining a license to sell dried marijuana products. As the Company is in the start-up stage of its life cycle whether, and when, the Company can attain profitability and positive cash flows from operations remains uncertain. The Company will need to raise capital in order to fund its operations. The Company's ability to raise capital may be adversely impacted by uncertain market conditions, negative result of application for a sell license, and inability to reach growth targets. To address its financing requirements the Company is seeking financing through equity financings. Additional capital and a sell license were obtained subsequent to December 31, 2016 as described in Note 15 to these financial statements. Continuing access to financing and the outcome of these matters cannot be predicted at this time.

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary.

Business combinations

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements.) The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

(a) *Biological assets*

The Company measures biological assets consisting of medical cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

(b) *Property, plant and equipment*

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a declining basis over the following terms:

Building	5%
Furniture and fixtures	20-33%
Production equipment	20-50%
Building improvements	5-20%
Computer equipment	33%-56%

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets in process are transferred to property, plant and equipment when available for use and depreciation of the assets commences at that point.

(c) *Finite-lived and indefinite-lived intangible assets*

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Health Canada license	Useful life of facility, 20 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company does not currently have any intangible assets with indefinite useful lives.

3. Significant accounting policies (continued)

(d) *Impairment of long-lived assets*

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previous.

(e) *Goodwill*

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates. The Company has determined that the goodwill associated with the acquisition belongs to the medical marijuana CGU. Currently, the Company has one reportable segment and one CGU.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(f) *Research and development*

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

(g) *Income taxes*

Current taxes

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary

3. Significant accounting policies (continued)

Income taxes (continued)

differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

(h) *Share-based compensation*

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

(i) *Earnings (loss) per share*

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

(j) *Financial instruments*

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3. Significant accounting policies (continued)

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial instruments (continued)

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash, and restricted cash	Loans and receivables
Harmonized Sales Tax receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Deferred subscription receipts	Other liabilities
Loans from related parties	Other liabilities

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. Significant accounting policies (continued)

(k) *Related party transactions*

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Related party transactions not in the normal course of business are measured at the fair value of the goods or services acquired.

(l) *Critical accounting estimates and judgments*

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Biological assets

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

Share-based compensation

In calculating the share-based compensation expense, management is required to estimate the fair value of the good or service received or the fair value of the equity instruments granted in the case where the fair value of the good or service received cannot be estimated.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are

3. Significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

recognized according to specific requirements.) The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

(m) New and revised IFRS in issue but not yet effective

Amendments to IAS 12

Amends IAS 12 *Income Taxes* to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017 and is applied retrospectively. The Company is in the process of determining the impact of the amendments to IAS 12 on its consolidated financial statements.

Amendments to IAS 7

Amends IAS 7 *Statement of Cash Flows* to improve information provided to users of financial statements about an entity's financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;
- The International Accounting Standards Board ("IASB") defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and
- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This amendment is applicable to annual periods beginning on or after January 1, 2017. The Company is in the process of determining the impact of the amendments to IAS 7 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for

(In Canadian dollars)

3. Significant accounting policies (continued)
Business combinations (continued)

annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is assessing the potential impact of IFRS 15.

(l) New and revised IFRS issued but not yet effective (continued)

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the potential impact of IFRS 9.

4. Biological assets

The Company's biological assets consist of seeds and medical cannabis plants. The continuity of biological assets for the period November 16, 2016 to December 31, 2016 is as follows:

	December 31, 2016
Balance, beginning of period	$ -
Transfer to inventory upon harvest	-
Unrealized gain on changes in FV of biological assets	33,301
Balance, end of period	$ 33,301

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- seeds are valued at cost;
- mother plants are valued at nil;
- yield by strain of plant;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

On average, the grow cycle is 16-19 weeks depending on the strain. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis) and produced into oils. As at December 31, 2016 the Company had not yet harvested and therefore held no inventory.

(In Canadian dollars)

4. Biological assets (continued)

The Company estimates the harvest yields for the plants at various stages of growth. As of December 31, 2016, it is expected that the Company's biological assets will yield approximately 35g per plant or 315g total. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

The valuation of biological assets is level 3 on the fair value hierarchy and there have been no changes between levels during the period.

5. Property, plant and equipment

A continuity of property, plant and equipment for the period November 16, 2016 to December 31, 2016 is as follows:

	Balance at November 16, 2016	Additions from acquisitions	Additions	**Balance at December 31, 2016**
	$	$	$	**$**
Cost				
Land	-	633,333	-	**633,333**
Computer equipment	-	519	-	**519**
Furniture and fixtures	-	4,964	-	**4,964**
Production equipment	-	24,975	-	**24,975**
Building and improvements	-	283,044	24,318	**307,362**
	-	946,835	24,318	**971,153**

	Balance at November 16, 2016	Additions	**Balance at December 31, 2016**
	$	$	**$**
Accumulated depreciation			
Computer equipment	-	29	**29**
Furniture and fixtures	-	101	**101**
Production equipment	-	746	**746**
Building and improvements	-	4,363	**4,363**
	-	5,239	**5,239**
Net book value	-		**965,915**

(In Canadian dollars)

6. Acquisition

On November 24, 2016 the Company purchased 100% of the issued and outstanding shares of TGOD, a licensed producer of medical cannabis and TGOD purchased land and building from an original shareholder. The transaction was accounted for as a business combination. The consideration for the transaction consisted of cash payment of $3,970,263 and 11,550,000 shares issued at a deemed price of $0.23 per share which totaled $2,656,500 less cash acquired of $32,818.

The preliminary purchase price allocation is as follows:

	$
Net liabilities acquired	(1,436,750)
Health Canada license	5,900,000
Goodwill	2,163,513
Total purchase price	6,626,763
The net assets acquired included the following	
Cash	32,818
Harmonized Sales Tax receivable	32,797
Property, plant and equipment	946,835
Total assets	1,012,450
Accounts payable and accrued liabilities	5,498
Purchaser loan	665,101
Shareholder loan	215,101
Deferred tax liability	1,563,500
Total liabilities	2,449,200
Net liablities acquired	(1,436,750)

Acquisition costs of $40,484 were recognized as an expense in the period November 16, 2016 to December 31, 2016.

Net cash outflow on acquisition of TGOD is as follows:

	$
Consideration paid in cash	**3,970,263**
Less: cash acquired	**32,818**
Net cash outflow	**3,937,445**

Goodwill arose because the consideration paid to acquire the Subsidiary reflected the strategic value of an agreement to acquire adjacent land to allow for expansion of the licensed property.

The accounting for the land and building purchased from an original shareholder is incomplete. The Company is determining the fair value of the land and building acquired.

(In Canadian dollars)

7. Intangible asset

A continuity of the intangible assets for the period November 16, 2016 to December 31, 2016 is as follows:

	Balance at November 16, 2016	Additions from acquisitions	Amortization	**Balance at December 31, 2016**
	$	$	$	**$**
Intangible assets				
Health Canada license	-	5,900,003	(29,904)	**5,870,099**

8. Share capital

Authorized

An unlimited number of common shares.

As at December 31, 2016, the Company has 60,389,400 common shares issued and outstanding.

Acquisitions

On November 24, 2016, the Company acquired 100% of all the outstanding shares of TGOD for cash and shares (Note 6). Pursuant to the Amended and Restated Purchase Agreement, the Company issued 11,550,000 common shares at a deemed price of $0.23 per share as part of the total purchase price and also issued 8,598,991 shares to settle debt of $665,101.

Equity raises

On November 24, 2016, the Company completed four subscription agreements with two investors:

(a) Issued 3,124,462 common shares at $0.23 per share for an aggregate purchase price of $710,132.

(b) Issued 8,975,538 common shares at $0.23 per share for an aggregate purchase price of $2,039,869

(c) Issued 9,180,534 common shares at $0.08 per share for an aggregated purchase price of $710,132

(d) Issued 13,570,475 common shares at $0.07 per share for an aggregated purchase price of $948,650

On December 22, 2016, the Company completed a brokered private placement of 26,581,172 common shares at $0.50 per share for gross proceeds of $13,290,586. Pursuant to the private placement, the Company also issued 2,096,060 agent compensation shares for a total of 28,677,232 shares of which 5,389,400 shares were issued as at December 31, 2016 and 23,287,832 shares were issued subsequent to year end. As of December 31, 2016 the Company had received cash of $3,175,764 for shares issued after year end. This cash is presented on the balance sheet as restricted cash as it is payable to the subscribers if the shares are not issued.

(In Canadian dollars)

9. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss on operations before income taxes, shown as follows:

		December 31, 2016
Expected tax rate		**26.50%**
Expected tax benefit resulting from loss	**$**	**(44,806)**
Non-capital losses not recognized	**$**	**44,806**
Income tax (recovery) expense	**$**	**-**

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

The following deferred tax assets and liabilities have been recognized for accounting purposes:

	December 31, 2016
	$
Deferred tax asset	**-**
Deferred tax liability	**1,555,576**
Net deferred tax liability	**1,555,576**

The effect of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax liability, which has been recognized in the year are as follows:

	November 16, 2016	Recognized in profit and loss	Recognized in goodwill	**December 31, 2016**
	$	$	$	**$**
Deferred tax liability				
Licenses	-	7,924	(1,563,500)	**(1,555,576)**

The tax effects of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax assets, which have not been recognized, are approximately as follows:

	December 31, 2016
	$
Unrecognized deferred tax asset	
Fixed assets and land	**378,783**
Loss Carryforwards	**169,900**
	548,683

(In Canadian dollars)

9. Income taxes (continued)

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income which expires as follows:

	$
2033	14,440
2034	74,035
2035	176,016
2036	376,640
	641,131

Certain of the above losses were acquired as part of the Company's acquisition of TGOD.

As at December 31, 2016, the Company does not have any gross temporary differences associated with investments in subsidiaries.

10. Related parties

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 22.22% of the outstanding shares of the Company.

The Subsidiary entered into a consulting agreement with 2454594 Ontario Limited, a company 50% owned by Scott Skinner, dated November 24, 2016 pursuant to which Mr. Skinner will provide cannabis related consulting services to TGOD for an indefinite term for an annual fee of $50,000.

Total key management personnel compensation for the period is $29,205 and consists of salaries and consulting fees.

Shareholder loan and Purchaser loan acquired November 24, 2016 (Note 6)

On November 24, 2016 the Company repaid the shareholder loan in TGOD on the date of acquisition of $215,101 and issued 8,598,991 shares to a shareholder of the Company to settle the purchaser loan of $665,101 (Note 8).

Loans from related parties

Related parties provided bridge loans totaling $250,000 to the Company on November 24, 2016 for the deposit on purchase of an adjacent property. The bridge loans bear interest at 6% annually and matures on the earlier of: (a) the day the Company executes an Assignment and Assumption Agreement, and (b) January 27, 2017. Subsequent to year end, the loans were repaid in full. See Note 15 for details on repayment.

11. Supplementary cash flow information

The changes in non-cash working capital items are as follows:

	December 31, 2016
	$
Prepaid expenses	(49,643)
Harmonized Sales Tax receivable	(9,039)
Accounts payable and accrued liabilities	118,039
	59,357

Cash consists of amounts of currency held in bank accounts and a trust account.

12. Financial instruments

Currency risk

As at December 31, 2016, the Company has no financial assets and liabilities for which cash flows are denominated in foreign currencies other than cash. The Company is holding $39,986 of cash denominated in U.S. dollars as at December 31, 2016. The Company has very limited currency risk.

Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2016, the Company has no short-term investments.

Amounts due to shareholders are non-interest bearing and has no exposure to interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and Harmonized sales tax receivable represents the maximum exposure to credit risk and at December 31, 2016. Since the inception of the Company, no losses have been suffered in relation to cash held by the bank, prepaid expenses or amounts receivable.

At December 31, 2016, the Harmonized Sales tax receivable accounted for 100% of accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. During the period November 16, 2016 to December 31, 2016, the Company completed equity financings for gross cash proceeds of $7,082,281.

(In Canadian dollars)

12. Financial instruments (continued)

The Company is obligated to the following contractual maturities of undiscounted cash flows:

					As at December 31, 2016
	Carrying amount	Contractual cash flows	Year 1	Years 2-3	Years 4 and after - 5
	$	$	$	$	$
Accounts payable and accrued liabilities	**123,541**	**123,541**	**123,541**	**-**	**-**
Deferred subscription receipts	**3,175,764**	**3,175,764**	**3,175,764**	**-**	**-**
Due to related parties	**250,000**	**250,000**	**250,000**	**-**	**-**
	3,549,305	**3,549,305**	**3,549,305**	**-**	**-**

Fair values

The Company’s financial instruments include cash, accounts payable and accrued liabilities, deferred subscription receipts and loans from related parties which are carried at cost which approximates their fair value due to the relatively short maturity of those instruments.

Fair value hierarchy

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).

During the period November 16, 2016 to December 31, 2016, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

13. Segmented information

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment and intangible assets are located in Canada. No revenues were generated during the period November 16, 2016 to December 31, 2016.

14. Capital management

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at December 31, 2016 total managed capital was comprised of shareholders' equity of $10,415,082 and related party loans of $250,000.

There were no changes in the Company's approach to capital management during the period November 16, 2016 to December 31, 2016.

15. Subsequent events

a) The Company established an employee stock option plan February 2, 2017 which is administered by the Board of Directors of the Company who establishes exercise prices, at not less than the market price at the date of grant, and expiry dates, which have been set at three years from issuance. Options under the Plan remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of the grant, except as otherwise approved by the Board of Directors. The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 10% of the common shares outstanding. The Company has issued 7,535,000 options valued at $3,669,000 to date.

b) On February 9, 2017, the Company repaid related party loans (See Note 10) for $250,000 plus accrued interest of $2,918.

c) On March 8, 2017 the Company closed on purchase of 75 acres of land adjacent to the existing facility for total purchase price of $1,900,000.

d) On March 24 and April 4, 2017, the Company completed a private placement financing and issued 25,087,496 units, consisting of 23,934,671 private placement units and 1,152,825 finder's units, at $1.15 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period of 2 years expiring March 24, 2019 and April 4, 2019.

e) On March 31, 2017 the Company advanced $125,000 to a related party in exchange for a promissory note for the same amount at an interest rate of 0% and a maturity date of June 30, 2017. This note payable was settled June 30, 2017 with a replacement promissory note in the same amount and interest rate with a maturity date of June 30, 2018.

f) In April 2017 the Company completed private placement financing raise issuing 25,870,663 units of common shares and warrants at $1.15 per share. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period expiring March 24, 2019.

g) On April 5, 2017, the Company issued 11,500,000 common shares to Technical Administration Overseas S.A. ("TAO") pursuant to a financing services agreement with TAO as compensation for performance of certain financial and advisory services in connection with obtaining financing. The financing services agreement specified compensation of 11,000,000 common shares therefore in September 2017 the Company did a return to treasury of the 11,500,000 common share and issued 11,000,000 common shares to TAO.

15. Subsequent events (continued)

h) On November 24, 2016, the Subsidiary entered into an employment agreement with the President of TGOD for total compensation of $150,000 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and $25,000 bonus was paid by way of issuance of 350,000 shares. Of this compensation $15,209 was earned but not paid in the period of November 16, 2016 to December 31, 2016.

i) On May 26, 2017, the Company issued 10,400 common shares as compensation for financial services in connection with raising capital.

j) On June 26, 2017 the Company advanced $104,000 USD to a related party in exchange for a promissory note for the same amount with interest at 0% and maturity date of September 26, 2017. This promissory note was settled September 26, 2017 with a replacement promissory note in the same amount and interest rate with a maturity date of September 26, 2018.

k) The Subsidiary obtained a Health Canada license to sell medical marijuana on August 10, 2017.

l) On August 19, 2017, the Company issued 508,927 Units for Debt Settlement, with each Unit consisting of one common share and one full warrant at a price of $1.15 per Unit. Each warrant is exercisable to acquire one Common Share at a price of $2.15 per share for a period expiring August 18, 2019.

m) On August 21, 2017, the Company entered into a Line of Credit Agreement with Alterna Savings (the "Lender") for a revolving line of credit in the amount of $5,000,000 at an interest rate equal to the Lender's prime rate plus 1.50% per annum calculated monthly on the daily outstanding balance. The line of credit is secured by an assignment of a term deposit. The principal outstanding and accrued interest are repayable upon demand. As at the date of these financial statements, the Company has not drawn on the line of credit.

n) On September 15, 2017 the Company advanced $150,000 USD to a related party in exchange for a promissory note for the same amount with interest at 0% and maturity date of March 26, 2018.

The Green Organic Dutchman Holdings Ltd.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2017

(IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)

The Green Organic Dutchman Holdings Ltd.

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The Green Organic Dutchman Holdings Ltd.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2017 AND DECEMBER 31, 2016
(IN CANADIAN DOLLARS)

	June 30, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 16)	**36,668,629**	2,808,738
Restricted cash (Note 10)	**-**	3,175,764
Prepaid expenses	**90,800**	49,643
Short-term deposits (Note 4)	**68,697**	-
Harmonized Sales Tax receivable	**140,481**	41,836
Biological assets (Note 5)	**129,331**	33,301
Inventory (Note 6)	**177,608**	-
Advance to related party (Note 13)	**261,538**	-
	37,537,084	6,109,282
Property, plant and equipment (Note 7)	**3,646,783**	965,915
Deposit on property (Note 13)	**-**	250,000
Intangible asset (Note 9)	**5,724,619**	5,870,099
Goodwill (Note 8)	**2,163,513**	2,163,513
Total assets	**49,071,999**	15,358,809
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**289,561**	123,541
Deferred subscription receipts (Note 10)	**-**	3,175,764
Related party loans (Note 13)	**-**	250,000
	289,561	3,549,305
Deferred tax liability	**195,350**	1,555,576
Total liabilities	**484,911**	5,104,881
Shareholders' equity		
Share capital (Note 10)	**45,524,637**	10,415,082
Reserve for warrants (Note 12)	**6,909,896**	-
Reserve for share based payments (Note 11)	**1,091,053**	-
Deficit	**(4,938,498)**	(161,154)
Total equity	**48,587,088**	10,253,928
	49,071,999	15,358,809

The Green Organic Dutchman Holdings Ltd.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE THREE & SIX MONTH PERIODS ENDED JUNE 30, 2017
(IN CANADIAN DOLLARS)

	June 30, 2017	**June 30, 2017**
	Three months	**Six months**
	$	**$**
Unrealized gain on changes in fair value of biological assets (Note 5)	**144,714**	**273,638**
Production costs	**66,558**	**153,521**
Gross profit	**78,156**	**120,117**
Expenses		
Marketing	**132,710**	**297,419**
General and administration	**1,164,046**	**1,368,831**
Share based compensation	**1,536,052**	**4,351,299**
Depreciation and amortization	**114,216**	**216,062**
	2,947,024	**6,233,611**
(Loss) from operations	**(2,868,868)**	**(6,113,494)**
Interest and other income	**84,111**	**87,400**
(Loss) before income taxes	**(2,784,757)**	**(6,026,094)**
Income tax recovery	**398,837**	**1,248,750**
Net loss and total comprehensive loss	**(2,385,920)**	**(4,777,344)**
Loss per share		
Basic and diluted net loss per share	**(0.02)**	**(0.06)**
Weighted average number of outstanding common shares	**116,360,794**	**85,894,124**

The Green Organic Dutchman Holdings Ltd.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE & SIX MONTH PERIODS ENDED JUNE 30, 2017
(IN CANADIAN DOLLARS)

	Number of shares	Share capital	Reserve for warrants	Reserve for share based compensation	Accumulated deficit	Total
		$	$	$	$	$
Balance at December 31, 2016	**60,369,400**	**10,415,082**	**-**	**-**	**(161,154)**	**10,253,928**
Private placement of common shares	21,214,172	10,607,087	-	-	-	10,607,087
Issuance of agent compensation shares	1,404,288	702,144	-	-	-	702,144
Private placement of units	19,083,903	16,984,674	4,961,814	-	-	21,946,488
Issuance of agent compensation units	780,663	577,690	320,072	-	-	897,762
Share based compensation	-	-	-	404,140	-	404,140
Share issue costs	-	(330,939)	-	-	-	(330,939)
Net loss and comprehensive loss	-	-	-	-	(2,391,424)	(2,391,424)
Balance at March 31, 2017	**102,852,426**	**38,955,738**	**5,281,886**	**404,140**	**(2,552,578)**	**42,089,186**
Private placements - Units	5,563,268	4,951,308	1,446,450	-	-	6,397,758
Broker compensation - Units	442,829	327,693	181,560	-	-	509,253
Settlement for Services - common shares	11,860,400	980,200	-	-	-	980,200
Finders compensation - common shares	669,372	334,686	-	-	-	334,686
Share based compensation	-	-	-	686,913	-	686,913
Share issue costs	-	(136,465)	-	-	-	(136,465)
Deferred tax	-	111,476	-	-	-	111,476
Net loss and comprehensive loss	-	-	-	-	(2,385,920)	(2,385,920)
Balance at June 30, 2017	**121,388,295**	**45,524,637**	**6,909,896**	**1,091,053**	**(4,938,498)**	**48,587,088**

The Green Organic Dutchman Holdings Ltd.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE THREE & SIX MONTH PERIODS ENDED JUNE 30, 2017
(IN CANADIAN DOLLARS)

	June 30, 2017 Three months	June 30, 2017 Six months
Net inflow (outflow) of cash relatd to the following activities:		
Operating		
Net loss after income taxes	**(2,385,920)**	**(4,777,344)**
Items not affecting cash:		
Share based compensation - shares	**-**	**805,200**
Share based compensation - finder's units	**849,139**	**2,455,046**
Share based compensation - options	**686,913**	**1,091,053**
Depreciation of property, plant and equipment	**40,667**	**70,582**
Amortization of intangible assets	**73,548**	**145,480**
Income tax recovery	**(398,837)**	**(1,248,750)**
Changes in non-cash operating working capital items (Note 14)	**(5,882,361)**	**(316,117)**
Net cash used in operating activities	**(7,016,851)**	**(1,774,850)**
Investing		
Purchases of property, plant and equipment	**(448,141)**	**(2,751,450)**
Deposit on property	**-**	**250,000**
Net cash used in investing activities	**(448,141)**	**(2,501,450)**
Financing		
Deferred share subscription receipts	**(47,784)**	**(3,175,764)**
Transfer from restricted cash	**47,784**	**3,175,764**
Proceeds from issuance of shares in private placement, net of share issue costs	**12,186,293**	**38,647,729**
Advances to related party	**(261,538)**	**(261,538)**
Repayment on related party loan	**-**	**(250,000)**
Net cash provided in financing activities	**11,924,755**	**38,136,191**
Net cash inflow	**4,459,763**	**33,859,891**
Cash, beginning of period	**32,208,867**	**2,808,738**
Cash and cash equivalents, end of period	**36,668,629**	**36,668,629**

1. DESCRIPTION OF BUSINESS

The Green Organic Dutchman Holdings Ltd. is a corporation, incorporated November 16, 2016 in Canada, under the *Canada Business Corporations Act* with its registered head office located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3.

The consolidated financial statements as at June 30, 2017 and for the three and six months ended June 30, 2017 include The Green Organic Dutchman Holdings Ltd. and its subsidiary (together referred to as "TGODH" or the "Company"). The Company's subsidiary is The Green Organic Dutchman Ltd ("TGOD" or the "Subsidiary") which is a licensed producer of medical cannabis in Canada. The principal activities of TGOD are the production of medical cannabis including the growing and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The Subsidiary obtained a Health Canada license to sell on August 10, 2017.

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on October 20, 2017.

Basis of measurement

These consolidated financial statements have been presented in Canadian dollars on a historical cost basis. The Company's functional currency is Canadian dollars. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of operations and comprehensive loss are presented by function. The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

Going concern

During the six month period ended June 30, 2017, the Company had a net loss of $4,777,344 and positive cashflows from operations of $1,774,850 and positive working capital of $37,247,523. The positive working capital balance was mainly due to having a cash balance of $36.7 million from equity financings. As the Company is in the start-up stage of its life cycle whether, and when, the Company can attain profitability and positive cash flows from operations remains uncertain. Given the Company maintained positive cash flows in the absence of revenues, it believes that it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its expansion plan and to bring the growing operation to commercial scale. This may be adversely impacted by uncertain market conditions, negative result of application for a sell license, inability to reach growth targets. To address its financing requirements the Company will seek funding through equity financings. Continuing access to financing and the outcome of these matters cannot be predicted at this time. There is also uncertainty at June 30, 2017 whether the Company will be successful in obtaining a license to sell dried marijuana products. A sell license was obtained subsequent to June 30, 2017 as described in Note 18 to these financial statements

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These unaudited interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary.

Business combinations

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements.) The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

(a) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a declining basis over the following terms:

Building	5%
Furniture and fixtures	20 – 33%
Production equipment	20 – 50%
Building improvements	5 – 20%
Computer equipment	33% - 56%
Automobile	30%

An asset’s residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets in process are transferred to when available for use and depreciation of the assets commences at that point.

(b) Finite-lived and indefinite-lived intangible assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Health Canada license	Useful life of facility, 20 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company does not currently have any intangible assets with indefinite useful lives.

(c) Biological assets

The Company measures biological assets consisting of medical cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations of the related period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Inventory

Inventories of harvested finished goods and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value.

(e) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previous.

(f) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates. The Company has determined that the goodwill associated with all acquisitions belong to the medical marijuana CGU. Currently, the Company has one reportable segment and one CGU.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(g) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income taxes

Current taxes

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(i) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

(j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalents and Restricted cash	Loans and receivables
Short-term deposits	Loans and receivables
Harmonized Sales Tax receivable	Loans and receivables
Advance to related party	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Related party loans	Other liabilities

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(l) Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Related party transactions not in the normal course of business are measured at the fair value of the goods or services acquired.

(m) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Biological assets and inventory

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Share-based compensation

In calculating the share-based compensation expense, management is required to estimate the fair value of the good or service received or the fair value of the equity instruments granted in the case where the fair value of the good or service received cannot be estimated.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgments (continued)

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements.) The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

(n) New and revised IFRS in issue but not yet effective

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is assessing the potential impact of IFRS 15.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the potential impact of IFRS 9.

4. SHORT-TERM DEPOSITS

The Company made refundable deposits to vendors for goods and services ordered.

(IN CANADIAN DOLLARS)

5. BIOLOGICAL ASSETS

The Company's biological assets consist of seeds and medical cannabis plants. The continuity of biological assets is as follows:

	For the period November 16, 2016 to December 31, 2016	For the six month period ended June 30, 2017
Balance, beginning of period	$ -	$ 33,301
Transfer to inventory upon harvest	-	(177,608)
Unrealized gain on changes in FV of biological assets	33,301	273,638
Balance, end of period	$ 33,301	$ 129,331

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- yield by strain of plant;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

On average, the grow cycle is 16-19 weeks depending on the strain. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis).

The Company estimates the harvest yields for the plants at various stages of growth. As of June 30, 2017, it is expected that the Company's biological assets will yield approximately 42g per plant or 3,338g in total (35g per plant or 315g total as of December 31, 2016). The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

The valuation of biological assets is level 3 on the fair value hierarchy and there have been no changes between levels during the period.

6. INVENTORY

As at June 30, 2017, inventory consists of raw materials in the form of dry trim and dry bud (December 31, 2016 – nil). The continuity of inventory for the six month period ended June 30, 2017 is as follows:

	For the period November 16, 2016 to December 31, 2016	For the six month period ended June 30, 2017
Inventory (raw material only)		
Inventory - Beginning balance	$ -	$ -
Transfer from biological assets upon harvest	-	177,608
Ending inventory	$ -	$ 177,608

(IN CANADIAN DOLLARS)

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the six month period ended June 30, 2017 is as follows:

COST	**Balance, December 31, 2016**	**Additions**	**Disposals**	**Balance, June 30, 2017**
Land	$ 633,333	$1,900,000	$ -	**$2,533,333**
Furniture and fixtures	5,455	47,553	-	**53,008**
Production equipment	29,299	318,910	-	**348,209**
Building and improvements	404,054	364,279	-	**768,333**
Computer equipment	3,146	54,733	-	**57,879**
Automobiles	-	65,975	-	**65,975**
Total	**$ 1,075,286**	**2,751,450**	**$ -**	**$ 3,826,737**

ACCUMULATED DEPRECIATION	**Balance, December 31, 2016**	**Additions**	**Disposals**	**Balance, June 30, 2017**
Land	$ -	$ -	$ -	**$ -**
Furniture and fixtures	591	3,046	-	**3,637**
Production equipment	5,070	28,180	-	**33,250**
Building and improvements	101,054	23,998	-	**125,052**
Computer equipment	2,656	9,251	-	**11,907**
Automobiles	-	6,108	-	**6,108**
Total	**109,371**	**70,583**	**-**	**179,954**
Net book value	**$ 965,915**			**$3,646,783**

(IN CANADIAN DOLLARS)

8. ACQUISITION

On November 24, 2016 the Company purchased 100% of the issued and outstanding shares of TGOD, a licensed producer of medical cannabis and TGOD purchased land and building from an original shareholder. The transaction was accounted for as a business combination. The consideration for the transaction consisted of cash payment of $3,970,263 and 11,550,000 shares issued at a deemed price of $0.23 per share which totaled $2,656,500 less cash acquired of $32,818.

The preliminary purchase price allocation is as follows:

	$
Net liabilities acquired	(1,436,750)
Health Canada license	5,900,000
Goodwill	2,163,513
Total purchase price	6,626,763
The net assets acquired included the following	
Cash	32,818
Harmonized Sales Tax receivable	32,796
Property, plant and equipment	946,836
Total assets	1,012,450
Accounts payable and accrued liabilities	5,498
Purchaser loan	665,101
Shareholder loan	215,101
Deferred tax liability	1,563,500
Total liabilities	2,449,200
Net liablities acquired	(1,436,750)

Acquisition costs of $40,484 were recognized as an expense in the period November 24, 2016 to December 31, 2016.

Net cash outflow on acquisition of TGOD is as follows:

	$
Consideration paid in cash	**3,970,263**
Less: cash acquired	**32,818**
Net cash outflow	**3,937,445**

Goodwill arose because the consideration paid to acquire the Subsidiary reflected the strategic value of an agreement to acquire adjacent land to allow for expansion of the licensed property.

The accounting for the land and building purchased from an original shareholder is incomplete. The Company is determining the fair value of the land and building acquired.

(IN CANADIAN DOLLARS)

9. INTANGIBLE ASSETS

A continuity of the intangible assets for the six month period ended June 30, 2017 is as follows:

COST	Balance, December 31, 2016	Additions	Amortization	Balance, June 30, 2017
Health Canada License	$ 5,870,099	$ -	($ 145,480)	$5,724,619

10. SHARE CAPITAL

Authorized

An unlimited number of common shares.

As at June 30, 2017, the Company has 121,388,295 common shares issued and outstanding.

a) On March 24 and April 4, 2017, the Company completed a private placement financing and issued 25,087,496 units, consisting of 23,934,671 private placement units and 1,152,825 finder's units, at $1.15 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period of 2 years expiring March 24, 2019 and April 4, 2019 (Note 12).

b) On April 5, 2017, the Company issued 11,500,000 common shares to Technical Administration Overseas S.A. ("TAO") pursuant to a financing services agreement with TAO as compensation for performance of certain financial and advisory services in connection with obtaining financing.

c) On November 24, 2016, the Company entered into an employment agreement with the President of TGOD for total compensation of $150,000 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and $25,000 bonus was paid by way of issuance of 350,000 shares.

d) In May 2017, the Company issued 10,400 common shares as compensation for financial services in connection with raising capital.

On December 22, 2016, the Company completed a brokered private placement of 26,581,172 common shares at $0.50 per share for gross proceeds of $13,290,586. Pursuant to the private placement, the Company also issued 2,096,060 agent compensation shares for a total of 28,677,232 shares of which 5,389,400 shares were issued as at December 31, 2016 and 23,287,832 shares were issued in 2017. As of December 31, 2016 the Company had received cash of $3,175,764 for shares issued after year end. This cash is presented on the December 31, 2016 balance sheet as restricted cash as it is payable to the subscribers if the shares are not issued.

11. SHARE BASED COMPENSATION

The Company has an Employee Stock Option Plan ("ESOP") that is administered by the Board of Directors of the Company who establishes exercise prices, at not less than the market price at the date of grant, and expiry dates, which have been set at three years from issuance. Options under the Plan remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of the grant, except as otherwise approved by the Board of Directors. The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 10% of the common shares outstanding, which amounts to 12,138,829 at June 30, 2017.

(IN CANADIAN DOLLARS)

11. SHARE BASED COMPENSATION (CONTINUED)

The following is a summary of the changes in the Company's ESOP options during the period:

Grant date	Options Granted #	Options Exercisable #	Exercise Price $	Weighted Average Remaining Contractual Life of Outstanding Options (Years)	Expiry Date
7-Feb-17	6,000,000	1,200,000	0.50	2.61	7-Feb-20
1-Jun-17	1,150,000	-	1.15	2.86	12-Dec-19
1-Jun-17	225,000	-	1.15	2.86	12-Dec-19
1-Jun-17	150,000	-	1.15	2.86	12-Dec-19
Balance June 30, 2017	7,525,000	1,200,000	0.63	2.66	

	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	$0.00	-
Transactions during the period:		
Granted	$0.63	7,525,000
Expired	$0.00	-
Outstanding, end of period	$0.63	7,525,000
Exercisable, end of period	$0.50	1,200,000

The Company recorded $1,091,053 for the six month period ended June 30, 2017 in share based compensation expense to options.

(IN CANADIAN DOLLARS)

11. SHARE BASED COMPENSATION (CONTINUED)

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the six months ended June 30, 2017 by applying the following assumptions:

	June 30, 2017
Risk-free interest rate	0.79%
Expected life of options (years)	3
Expected annualized volatility	129%
Expected dividend yield	Nil
Weighted average Black-Scholes value of each option	$ 0.82

Volatility was estimated by using the historical volatility of the Company and other companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term equal to the expected life of the options.

12. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the six months ended June 30, 2017:

	Number of warrants	Amount
Balance, December 31, 2016	-	$ -
Private placement units	24,647,171	6,408,264
Finder's units	1,223,492	501,632
Balance, June 30, 2017	25,870,663	$ 6,909,896

As at June 30, 2017, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Warrants
March 24, 2019	$2.15	24,647,171
April 4, 2017	$2.15	1,223,492
Balance, June 30, 2017	$2.15	25,870,663

(IN CANADIAN DOLLARS)

12. RESERVE FOR WARRANTS (CONTINUED)

The estimated fair value of warrants granted during the six months ended June 30, 2017 was determined using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2017
Risk-free interest rate	0.74%
Expected life of warrants (years)	2
Expected annualized volatility	97.49%
Expected dividend yield	Nil
Weighted average Black-Scholes value of each warrant	$0.26

13. RELATED PARTIES

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 21.59% of the outstanding shares of the Company (20.37% fully diluted).

Total key management personnel compensation for the three and six month periods was $75,503 and $200,169 respectively (three and six month periods ended June 30, 2016 – nil) for salary and consulting services provided, and 3,450,000 and 4,675,000 options (total value $1,390,350 and $2,394,850, (three and six months ended June 30, 2016 – nil)) were granted to directors and officers. Refer to Note 10 b) and c) for shares issued to related parties.

Advance to related party

The Company advanced the following amounts to a related party entity during the six months ended June 30, 2017:

- $125,000 on March 31, 2017 in exchange for a note payable for the same amount at an interest rate of 0% and a maturity date of June 30, 2017. This note payable was settled on June 30, 2017 with a replacement note payable in the same amount and interest rate with a maturity date of June 30, 2018.
- $100,004 USD on June 26, 2017 in exchange for a note payable for the same amount at an interest rate of 0% and a maturity date of September 26, 2017. Subsequent to June 30, 2017 this advance was replaced by a note payable dated September 26, 2017 for the same amount, at an interest rate of 0% and a maturity date of September 26, 2018 (Note 18).

Loans from related parties

On November 24, 2016, two directors provided a bridge loan totaling $250,000 to the Company for the deposit on an adjacent property. The bridge loan bears interest at 6% annually and matures on the earlier of: (a) the day the Company executes an Assignment and Assumption Agreement, and (b) January 27, 2017. The loans were repaid in full on February 9, 2017.

14. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	June 30, 2017	
	Three months	Six months
		$
Prepaid expenses	(43,885)	(41,157)
Short-term deposits	(68,697)	(68,697)
Harmonized Sales Tax receivable	(31,430)	(98,645)
Biological assets	1,587	(96,030)
Inventory	(146,302)	(177,608)
Accounts payable and accrued liabilities	(5,593,634)	166,020
	(5,882,361)	(316,117)

15. FINANCIAL INSTRUMENTS

Currency risk

As at June 30, 2017, the Company has no financial assets and liabilities for which cash flows are denominated in foreign currencies other than cash. The Company is holding $86,366 of cash denominated in U.S. dollars as at June 30, 2017 (December 31, 2016 - $39,986) and $225,004 of advance to related party in U.S dollars as at June 30, 2017 (December 31, 2016 - $0). No other financial assets and liabilities are denominated in a foreign currency. The Company has very limited currency risk.

Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at June 30, 2017, the Company has term deposits of $20,000,000 bearing interest at 1.25%.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash, prepaid expenses, HST receivable and advance to related party represents the maximum exposure to credit risk and at June 30, 2017. Since the inception of the Company, no losses have been suffered in relation to cash held by the bank, prepaid expenses, amounts receivable or advances to related party.

At June 30, 2017, the HST receivable accounted for 100% of accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. The Company's total contractual maturities are represented by its accounts payable and accrued liabilities balances which totaled $289,561 as at June 30, 2017, and are all due to be paid within one year. The Company has sufficient cash in bank to meet this obligation.

15. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, government remittances receivables, advance to related party, accounts payable and accrued liabilities, deferred subscription receipts, related party loans and due to shareholders which are carried at cost which approximates their fair value due to the relatively short maturity of those instruments.

Fair value hierarchy

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).

During the six month period ended June 30, 2017, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

16. SEGMENTED INFORMATION

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment and intangible assets are located in Canada. No revenues were generated during the six month period to June 30, 2017.

17. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at June 30, 2017 total managed capital was comprised of shareholders' equity of $48,587,088.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2017.

18. SUBSEQUENT EVENTS

a) The Subsidiary obtained a Health Canada license to sell medical marijuana on August 10, 2017.

b) On August 19, 2017, the Company issued 508,927 units for debt settlement, with each unit consisting of one common share and one full warrant at a price of $1.15 per unit. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period expiring August 18, 2019.

c) On August 21, 2017, the Company entered into a Line of Credit Agreement with Alterna Savings (the "Lender") for a revolving line of credit in the amount of $5,000,000 at an interest rate equal to the Lender's prime rate plus 1.50% per annum calculated monthly on the daily outstanding balance. The line of credit is secured by an assignment of a term deposit. The principal outstanding and accrued interest are repayable upon demand. The Company has not drawn on the line of credit.

d) On September 15, 2017 the Company advanced $150,000 USD to a related party in exchange for a promissory note for the same amount with interest at 0% and maturity date of March 26, 2018.

e) On September 26, 2017 the Company agreed to extend the maturity date on the $100,004 USD advance to related party to September 26, 2018 (Note 13).

f) On April 5, 2017 the Company issued 11,500,000 common shares to Technical Administration Overseas S.A. ("TAO") pursuant to a financing services agreement with TAO as compensation for performance of certain financial and advisory services in connection with obtaining financing. The financing services agreement specified compensation of 11,000,000 common shares therefore in September 2017 the Company did a return to treasury of the 11,500,000 common share and issued 11,000,000 common shares to TAO.

Financial statements of

The Green Organic Dutchman Ltd.

As at December 31, 2015 and 2014 and January 1, 2014 and for the years ended December 31, 2015 and 2014

The Green Organic Dutchman Ltd.

December 31, 2015 and 2014 and January 1, 2014

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Independent Auditor's Report

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To the Directors of
The Green Organic Dutchman Ltd.

We have audited the accompanying financial statements of The Green Organic Dutchman Ltd., which comprise the statement of financial position as at December 31, 2015, and the statement of operations and comprehensive loss, the statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Green Organic Dutchman Ltd. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 13 to the financial statements which describes that The Green Organic Dutchman Ltd. adopted International Financial Reporting Standards on January 1, 2015 with a transition date of January 1, 2014. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2014 and January 1, 2014, and the statement of operations and comprehensive loss, statement of changes in shareholder's equity and statement of cash flows for the year ended December 31, 2014 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

/s/Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
October 19, 2017

The Green Organic Dutchman Ltd.

Statements of financial position
as at December 31, 2015, and 2014 and January 1, 2014

(In Canadian dollars)

		(unaudited)	(unaudited)
	December 31, 2015	December 31, 2014	January 1, 2014
	$	$	$
Assets			
Current assets			
Cash	**28,697**	-	-
Harmonized Sales Tax receivable	**23,017**	6,679	5,941
	51,714	6,679	5,941
Property, plant and equipment (Note 4)	**231,377**	126,341	3,146
	283,091	133,020	9,087
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**17,451**	3,000	-
Note payable (Note 8)	**111,653**	-	-
Due to shareholders (Notes 5 and 8)	**467,906**	231,476	25,533
	597,010	234,476	25,533
Shareholders' deficit			
Share capital (Note 6)	**200**	200	200
Deficit	**(314,119)**	(101,656)	(16,646)
	(313,919)	(101,456)	(16,446)
	283,091	133,020	9,087

The accompanying notes to the financial statements are an integral part of this financial statement.

The Green Organic Dutchman Ltd.
Statements of operations and comprehensive loss
years ended December 31, 2015 and 2014

(In Canadian dollars)

		(unaudited)
	December 31, 2015	December 31, 2014
	$	$
Marketing	**18,624**	18,446
Research and development	**31,120**	166
General and administration	**122,085**	51,399
Depreciation	**40,634**	14,999
	212,463	85,010
Net loss and total comprehensive loss	**(212,463)**	(85,010)
Loss per share, basic and diluted		
Net loss per share (Note 3)	**(1,062)**	(425)
Weighted average number of outstanding common shares	**200**	200

The accompanying notes to the financial statements are an integral part of this financial statement.

The Green Organic Dutchman Ltd.

Statements of changes in shareholders' equity
years ended December 31, 2015 and 2014

(In Canadian dollars)

	Number of shares	Share capital	Accumulated deficit	Total
	#	$	$	$
Balance, January 1, 2014 (unaudited)	200	200	(16,646)	(16,446)
Net loss and comprehensive loss (unaudited)	-	-	(85,010)	(85,010)
Balance, December 31, 2014 (unaudited)	**200**	**200**	**(101,656)**	**(101,456)**
Net loss and comprehensive loss	-	-	(212,463)	(212,463)
Balance, December 31, 2015	**200**	**200**	**(314,119)**	**(313,919)**

The accompanying notes to the financial statements are an integral part of this financial statement.

The Green Organic Dutchman Ltd.

Statements of cash flows
years ended December 31, 2015 and 2014
(In Canadian dollars)

		(unaudited)
	December 31, 2015	December 31, 2014
	$	$
Operating activities		
Net loss	**(212,463)**	(85,010)
Items not affecting cash:		
Depreciation of property, plant and equipment	**40,634**	14,999
Changes in non-cash operating working capital items (Note 9)	**(1,886)**	2,262
	(173,715)	(67,749)
Investing activities		
Purchases of property, plant and equipment	**(145,670)**	(138,194)
Financing activities		
Note payable	**111,653**	-
Due to shareholder	**236,429**	205,943
	348,082	205,943
Net cash inflow (outflow)	**28,697**	-
Cash, beginning of year	**-**	-
Cash, end of year	**28,697**	-

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Description of business

The Green Organic Dutchman Ltd. is a corporation, incorporated in Canada under the Canada Business Corporations Act, with its registered head office located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Green Organic Dutchman Ltd. ("TGOD or the "Company") is a licensed producer of medical cannabis in Canada. The principal activities of TGOD are the production of medical cannabis including the growing and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR").

On November 24, 2016, TGOD was acquired by The Green Organic Dutchman Holdings Ltd. ("TGODH") which included all the issued and outstanding shares of the Company and became a 100% wholly owned subsidiary of TGODH.

2. Basis of presentation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 13.

These financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on October 19, 2017.

Basis of measurement

These financial statements have been presented in Canadian dollars on a historical cost basis. The Company's functional currency is Canadian dollars. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of operations and comprehensive loss are presented by function. The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

3. Significant accounting policies

Foreign currency translation

All figures presented in the financial statements and tabular disclosures to the financial statements are reflected in Canadian dollars, which is the functional currency of the Company.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a declining basis over the following terms:

Building	5%
Furniture and fixtures	20-33%
Production equipment	20-50%
Building improvements	5-20%
Computer equipment	33%-56%

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets in process are transferred to property, plant and equipment when available for use and depreciation of the assets commences at that point.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment, are reviewed for impairment indicators at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previous.

Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

3. Significant accounting policies (continued)

Income taxes

Current taxes

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares.

Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value through profit and loss are stated at fair value with changes being recognized in profit or loss.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and Harmonized sales tax receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Note payable and due to shareholders	Other liabilities

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Related party transactions not in the normal course of business are measured at the fair value of the goods or services acquired.

3. Significant accounting policies (continued)

Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

New and revised IFRS in issue but not yet effective

Amendments to IAS 12

Amends IAS 12 *Income Taxes* to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

Disclosure Initiative (Amendments to IAS 7)

Amends IAS 7 *Statement of Cash Flows* to improve information provided to users of financial statements about an entity's financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;
- The International Accounting Standards Board ("IASB") defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and
- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

3. Significant accounting policies (continued)

New and revised IFRS in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018.

Management is currently assessing the impact of each of these new accounting standards.

4. Property, plant and equipment

A continuity of property, plant and equipment for the year ended December 31, 2015 is as follows:

Cost	Balance at January 1, 2015	Additions	Balance at December 31, 2015
	$	$	$
Computer equipment	3,146	-	3,146
Production equipment	830	-	830
Building and improvements	137,364	145,670	283,034
	141,340	145,670	287,010

Accumulated depreciation	Balance at January 1 2015	Additions	Balance at December 31, 2015
	$	$	$
Computer equipment	865	1,254	2,119
Production equipment	166	134	300
Building and improvements	13,968	39,246	53,214
	14,999	40,634	55,633
Net book value	126,341		231,377

4. Property, plant and equipment (continued)

A continuity of property, plant and equipment for the year ended December 31, 2014 is as follows:

Cost	Balance at January 1, 2014	Additions	Disposals	Balance at December 31, 2014
	$	$		$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Computer equipment	-	3,146	-	3,146
Production equipment	3,146	-	(2,316)	830
Building and improvements	-	137,364	-	137,364
	3,146	140,510	(2,316)	141,340

Accumulated depreciation	Balance at January 1, 2014	Additions	Disposals	Balance at December 31, 2014
	$	$		$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Computer equipment	-	865		865
Production equipment	-	166		166
Building and improvements	-	13,968		13,968
	-	14,999		14,999
Net book value	3,146			126,341

5. Due to shareholders

As at December 31, 2015, amounts due to shareholders were $467,906 (December 31, 2014 - $231,476 (unaudited) and January 1, 2014 - $25,533 (unaudited)) which were unsecure, non-interest bearing and payable on demand.

6. Share capital

Authorized

An unlimited number of common shares. As at December 31, 2015 the Company has 200 common shares issued and outstanding (December 31, 2014 and January 1, 2014 – 200 common shares (unaudited)).

7. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss on operations before income taxes, shown as follows:

	December 31, 2015	December 31, 2014
	$	$ (unaudited)
Expected tax rate	**26.50%**	26.50%
Expected tax benefit resulting from loss	**(56,303)**	**(22,528)**
Losses not Recognized	**46,644**	**19,619**
Changes in other temporary differences	**8,900**	1,874
Permanent Differences	**759**	1,035
Income tax (recovery) expense	**-**	-

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

The tax effects of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax assets, which have not been recognized, are approximately as follows:

Unrecognized Deferred Tax Asset	**December 31, 2015**	**December 31, 2014 (unaudited)**
Fixed Assets and Land	$10,774	$1,874
Loss Carryforwards	$70,090	$23,446
Total	$80,864	$25,320

7. Income taxes (continued)

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income which expires as follows:

	$
2033	14,440
2034	74,035
2035	176,016
	264,491

8. Related parties

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and shareholders of the Company, who control 100% of the outstanding shares of the Company. During the year ended December 31, 2015, no compensation was provided to key management (December 31, 2014 – nil (unaudited)).

The Company relied on shareholder advances to fund ongoing operations and capital expenditures. As at December 31, 2015, $467,906 (December 31, 2014 - $231,476 (unaudited) and January 1, 2014 - $25,533 (unaudited)) were due to shareholders. These amounts were unsecured, non-interest bearing and due upon demand.

These transactions are in the normal course of operations and are measured at the exchange amounts being the amounts agreed to by the parties.

Note payable

Related Parties were owed $111,653 for expenses paid for but had not yet been reimbursed by the Company as at December 31, 2015.

9. Supplementary cash flow information

The changes in non-cash working capital items are as follows:

	December 31, 2015	December 31, 2014
	$	$ (unaudited)
Accounts receivable	**(16,338)**	(738)
Accounts payable and accrued liabilities	**14,452**	3,000
	(1,886)	2,262

Cash consists of amounts of currency held in bank accounts.

10. Financial instruments

Currency risk

As at December 31, 2015, the Company has no financial assets and liabilities for which cash flows are denominated in foreign currencies other than cash. The Company is holding $19,425 of cash denominated in U.S. dollars as at December 31, 2015 (December 31, 2014 and January 1, 2014 – nil (unaudited)). The Company has very limited currency risk.

Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2015, the Company has no short-term investments (December 31, 2014 and January 1, 2014 the Company has no short-term investments (unaudited)).

Amounts due to shareholders are non-interest bearing and have no exposure to interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and Harmonized sales tax receivable represents the maximum exposure to credit risk and at December 31, 2015. Since the inception of the Company, no losses have been suffered in relation to cash held by the bank, prepaid expenses or amounts receivable.

At December 31, 2015 the Harmonized Sales tax receivable accounted for 100% of accounts receivable (December 31, 2014 and January 1, 2014 – 100% (unaudited)).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements.

As at December 31, 2015	Carrying amount	Year 1	Years 2 - 3	Years 4 and after 5
	$	$	$	$
Accounts payable and accrued liabilities	17,451	17,451	-	-
Note payable	111,653	111,653	-	-
Due to shareholders	467,906	467,906	-	-
	597,010	597,010	-	-

Fair values

Amounts due to shareholders have a carrying value of $467,906 (December 31, 2014 - $231,476 (unaudited)) which approximates fair value.

Fair value hierarchy

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

10. Financial instruments (continued)

Fair value hierarchy (continued)

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The debt is classified as Level 2 financial instruments.

The Company's other financial instruments, including cash, Harmonized Sales Tax receivable, accounts payable and accrued liabilities and due to shareholders are carried at cost which approximates fair value due to the relatively short maturity of those instruments.

11. Segmented information

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment are located in Canada. No revenues were generated during the years ended December 31, 2015 and 2014.

12. Capital management

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at December 31, 2015 total managed capital was comprised of share capital, note payable and due to shareholders totaling $579,759 (December 31, 2014 - $231,676 (unaudited)).

There were no changes in the Company's approach to capital management during the year.

13. Explanation of transition to International Financial Reporting Standards ("IFRS")

The Company has adopted IFRS effective January 1, 2014. The Company's financial statements for the year ended December 31, 2015 are the first annual statements that comply with IFRS. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE").

The Company's transition date is January 1, 2014 and the Company has prepared its opening IFRS balance sheet at that date. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the years ended December 31, 2015 and 2014 and in the preparation of the opening IFRS balance sheet as at January 1, 2014.

The Company has applied IFRS 1; First Time Adoption of International Financial Reporting Standards ("IFRS 1") in preparing these first IFRS statements. In preparing the opening IFRS balance sheet, the Company has adjusted amounts previously reported in financial statements prepared in accordance with ASPE. This note explains the principal adjustments made by the Company in restating its ASPE balance sheet as at January 1, 2014 and its previously published ASPE financial statements for the year ended December 31, 2014.

Elected exemptions from full retrospective application

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for its first year of adoption retrospectively. IFRS 1 also includes mandatory exceptions to the retrospective application of IFRS.

13. Explanation of transition to International Financial Reporting Standards (“IFRS”) (continued)

The Company has applied the following exemptions:

(1) IFRS 3 - Business combinations

IFRS 1 allows a first-time adopter to elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken this election and has not applied IFRS 3 to business combinations that occurred prior to January 1, 2014.

IFRIC 4 - Determining whether an arrangement contains a lease

The Company has elected not to reassess whether an arrangement contains a lease under IFRIC 4 for contracts that were assessed under previous ASPE. Arrangements that were entered into before the effective date of EIC 150 “Determining whether an arrangement contains a lease” that have not been subsequently assessed under EIC 150 were assessed under IFRIC 4 and no additional leases were identified.

Mandatory exceptions to retrospective application

In preparing these financial statements in accordance with IFRS 1 the Company has applied the following mandatory exceptions from full retrospective application of IFRS:

(i) Estimates

Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under ASPE are consistent with their application under IFRS.

There was no impact of adoption of IFRS on the opening balance sheet as at January 1, 2014 and the balance sheet as at December 31, 2014 other than the recording of deferred taxes (unaudited).

14. Subsequent events

a) The Company commenced growing medical marijuana in November 2016.

b) On November 24, 2016, TGODH purchased 100% of the issued and outstanding shares of the Company and the Company purchased land and building from an original shareholder. The transaction was accounted for as a business combination in the financial statements of TGODH. The consideration for the transaction consisted of cash payment of $3,970,263 and 11,550,000 shares issued at a deemed price of $0.23 per share which totaled $2,656,500 less cash acquired of $32,818.

c) On November 24, 2016, the Company entered into an employment agreement with the President of TGOD for total compensation of $150,000 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and $25,000 bonus was paid by way of issuance of 350,000 shares. Of this compensation $15,209 was earned but not paid in the period of November 24, 2016 to December 31, 2016.

d) On November 24, 2016, two directors provided a $250,000 bridge loan to the Company for the deposit on an adjacent property. The bridge loan bears interest at 6% annually and matures on the earlier of: (a) the day the Company executes an Assignment and Assumption Agreement, and (b) January 27, 2017. On February 9, 2017, the Company paid out related party loans for $250,000 plus accrued interest of $2,918.

e) On March 8, 2017, the Company closed on purchase of 75 acres of land adjacent to the existing facility for total purchase price of $1,900,000.

f) The Company obtained a Health Canada license to sell medical marijuana on August 10, 2017.

The Green Organic Dutchman Ltd.

UNAUDITED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016
AND SEPTEMBER 30, 2015

(IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)

The Green Organic Dutchman Ltd.

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The Green Organic Dutchman Ltd.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT,

(in Canadian dollars)

		September 30, 2016		December 31, 2015
Assets				
Current assets				
Cash	**$**	**45,589**	$	28,697
Harmonized Sales Tax receivable		**44,442**		23,017
		90,031		51,714
Property, plant and equipment (Note 4)		**322,227**		231,377
	$	**412,258**	$	283,091
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**2,560**	$	17,451
Note payable (Note 8)		**239,264**		111,653
Due to shareholders (Note 5)		**702,824**		467,906
		944,648		597,010
Shareholders' deficit				
Share capital (Note 6)	**$**	**200**	$	200
Deficit		**(532,591)**		(314,119)
Total deficit		**(532,391)**		(313,919)
	$	**412,258**	$	283,091

The Green Organic Dutchman Ltd.

UNAUDITED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE THREE & NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in Canadian dollars)

	3 Months Ended				**9 Months Ended**			
	September 30, 2016		September 30, 2015		**September 30, 2016**		September 30, 2015	
Marketing		**8,481**		6,082		**13,336**		15,526
General and administration		**52,624**		14,616		**127,332**		98,858
Research and development		**-**		-		**38,059**		33,640
Depreciation		**13,249**		5,318		**39,746**		15,894
	$	**74,355**	$	26,016	**$**	**218,473**	$	163,918
Net loss and total comprehensive loss	**$**	**(74,355)**	$	(26,016)	**$**	**(218,473)**	$	(163,918)
Loss per share, basic and diluted								
Net loss per share (Note 3):	**$**	**(372)**	$	(130)	**$**	**(1,092)**	$	(820)
Weighted average number of outstanding common shares:		**200**		200		**200**		200

The Green Organic Dutchman Ltd.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE & NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in Canadian dollars)

	Number of shares		Share capital		Accumulated deficit		Total
Balance, December 31, 2014	**200**	**$**	**200**	**$**	**(101,656)**	**$**	**(101,456)**
Net loss and comprehensive loss	-		-		(163,918)	**$**	**(163,918)**
Balance, September 30, 2015	**200**	**$**	**200**	**$**	**(265,574)**	**$**	**(265,375)**
Net loss and comprehensive loss	-		**-**		(48,545)		**(48,544)**
Balance, December 31, 2015	**200**	**$**	**200**	**$**	**(314,119)**	**$**	**(313,919)**
Net loss and comprehensive loss	-		**-**		(218,473)		**(218,473)**
Balance, September 30, 2016	**200**	**$**	**200**	**$**	**(532,591)**	**$**	**(532,391)**

The Green Organic Dutchman Ltd.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in Canadian dollars)

	3 months ended		9 months ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Net loss	**$ (74,355)**	$ (26,016)	**$ (218,473)**	$ (163,918)
Items not affecting cash:				
Depreciation of property, plant and equipment	**13,249**	5,318	**39,746**	15,894
Changes in non-cash operating working capital items (Note 9)	**(5,861)**	(3,475)	**(36,316)**	(11,107)
Net cash used in operating activities	**$ (66,967)**	$ (24,173)	**$ (215,043)**	$ (159,131)
Investing				
Purchases of property, plant and equipment	**(286)**	(97,038)	**(130,596)**	(74,030)
Net cash used in investing activities	**$ (286)**	$ (97,038)	**$ (130,596)**	$ (74,030)
Financing				
Note payable	**71,937**	-	**127,611**	-
Due to shareholders	**(16,413)**	-	**234,919**	-
Net cash provided by financing activities	**$ 55,524**	$ -	**$ 362,531**	$ -
Net cash inflow (outflow)	**(11,729)**	(121,211)	**16,892**	(233,161)
Cash, beginning of year	**57,318**	(111,950)	**28,697**	-
Cash, end of year	**$ 45,589**	$ (233,161)	**$ 45,589**	$ (233,161)

1. DESCRIPTION OF BUSINESS

The Green Organic Dutchman Ltd. is a corporation, incorporated in Canada under the Canada Business Corporations Act, with its registered head office located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Green Organic Dutchman Ltd. ("TGOD or the "Company") is a licensed producer of medical cannabis in Canada. The principal activities of TGOD are the production of medical cannabis including the growing and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR").

On November 24, 2016, TGOD was acquired by The Green Organic Dutchman Holdings Ltd. ("TGODH") which included all the issued and outstanding shares of the Company and became a 100% wholly owned subsidiary of TGODH.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on October 19, 2017.

Basis of measurement

These financial statements have been presented in Canadian dollars on a historical cost basis. The Company's functional currency is Canadian dollars. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of operations and comprehensive loss are presented by function. The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

Going concern

For the nine months ended September 30, 2016, the Company had a net loss of $218,473 and negative cash flows from operations of $215,043 and negative working capital of $854,618. With the support of the Company's shareholder's management believes that the Company will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its expansion plan and to bring the growing operation to commercial scale. There is also uncertainty at September 30, 2016 whether the Company will be successful in obtaining a license to produce and sell dried marijuana products. As the Company is in the start-up stage of its life cycle whether, and when, the Company can attain profitability and positive cash flows from operations remains uncertain. The Company will need to raise capital in order to fund its operations. This may be adversely impacted by uncertain market conditions, negative result of application for a sell license, changes in laws, regulations and guidelines, regulatory risk, competition, unfavourable publicity or consumer perception, potential litigation, inability to reach growth targets, uninsured or uninsurable risks, loss of key personnel, adverse results when growing commences, transportation disruptions, fluctuating prices of raw materials, environmental and employee health and safety regulations, political and economic instability, issues with timely completion of facility expansion, no market for securities, global economic risk, and dividend risk. To address its financing requirements the Company will seek financing through equity financings. Additional investors (The Green Organic Dutchman Holdings Ltd. and its shareholders) and a sell license were obtained subsequent to September 30, 2016 as described in Note 14 to these financial statements. Continuing access to financing and the outcome these matters cannot be predicted at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

All figures presented in the financial statements and tabular disclosures to the financial statements are reflected in Canadian dollars, which is the functional currency of the Company.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated in Canadian dollars at year-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income and accumulated in equity.

(b) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over the following terms:

Building	5%
Furniture and fixtures	20 – 33%
Production equipment	20 – 50%
Building improvements	5 – 20%
Computer equipment	33% - 56%

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets in process are transferred to property, plant and equipment when available for use and depreciation of the assets commences at that point.

(c) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment, are reviewed for impairment indicators at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previous.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future

economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

(e) Income taxes

Current taxes

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(f) Loss per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares.

(g) Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and Harmonized Sales Tax receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Note payable and due to shareholders	Other liabilities

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(i) New and revised IFRS in issue but not yet effective

Amendments to IAS 12

Amends IAS 12 *Income Taxes* to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

Disclosure Initiative (Amendments to IAS 7)

Amends IAS 7 *Statement of Cash Flows* to improve information provided to users of financial statements about an entity's financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;
- The International Accounting Standards Board ("IASB") defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and
- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New and revised IFRS in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

The Company is assessing the impact of the new or revised IFRS standards in issue but not yet effective on its financial position and financial performance.

Management is currently assessing the impact of each of these new accounting standards.

(in Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the 9-month period ended September 30, 2016 is as follows:

Cost	Balance at January 1, 2016	Additions	Disposals/ adjustments	Balance at September 30, 2016
Computer equipment	$ 3,146	$ -	$ -	**$ 3,146**
Furniture and fixtures	-	140	-	**140**
Production equipment	830	10,128	-	**10,958**
Building and improvements	283,034	120,327	-	**403,362**
Total	**$ 287,010**	**$ 130,596**	**$ -**	**$ 417,606**

ACCUMULATED DEPRECIATION	Balance at January 1, 2016	Additions	Disposals/ adjustments	Balance at September 30, 2016
Computer equipment	2,120	422	-	**2,542**
Furniture and fixtures	-	10	-	**10**
Production equipment	299	1,973	-	**2,272**
Building and improvements	53,214	37,340	-	**90,554**
Land and improvements	-	-	-	-
Total	55,633	39,746	-	**95,379**
Net book value	**$ 231,377**			**$ 322,227**

(in Canadian dollars)

5. DUE TO SHAREHOLDERS

As at September 30, 2016, amounts due to shareholders were $702,824 (December 31, 2015 - $467,906) which were unsecure, non-interest bearing and payable on demand.

6. SHARE CAPITAL

Authorized

The Company is authorized to issue unlimited number of common shares. As at September 30, 2016, the Company has 200 (September 30, 2015 – 200) common shares issues and outstanding.

7. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss on operations before income taxes, shown as follows:

	3 Months Ended		**9 Months Ended**	
	September 30 2016	**September 30** 2015	**September 30 2016**	**September 30** 2015
			$	$
Expected tax rate	**26.50%**	26.50%	**26.50%**	26.50%
Expected tax benefit resulting from loss	**(19,704)**	**(6,894)**	**(47,810)**	**(33,132)**
Losses not recognized	**20,943**	**4,874**	**51,527**	**27,070**
Permanent differences				0
Changes in other temporary differences	**(1,239)**	**2,021**	**(3,717)**	**6,062**
Income tax (recovery) expense	**-**	-	**-**	-

(in Canadian dollars)

7. INCOME TAXES (CONTINUED)

The tax effects of temporary differences and loss carry forwards that gave rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

	September 30 2016	September 30 2015
	$	$
Fixed Assets	**7,057**	7,936
Losses	**121,617**	50,516
	128,674	58,452

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income which expires as follows:

2033	$	14,440
2034		74,035
2035		176,016
2036		194,440
	$	458,931

8. RELATED PARTIES

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and shareholders of the Company, who control 100% of the outstanding shares of the Company. During the three and nine months ended September 30, 2016 and 2015, no compensation were paid to key management.

The Company relied on shareholder advances to fund ongoing operations and capital expenditures. As at September 30, 2016, $702,824 (December 31, 2015 - $467,906) were due to shareholders. These amounts were unsecured, non-interest bearing and due upon demand.
These transactions are in the normal course of operations and are measured at the exchange amounts being the amounts agreed to by the parties.

Note payable
Related Parties were owed $239,264 (2015 – $111,653) for expenses paid for but had not yet been reimbursed by the Company.

(in Canadian dollars)

9. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	Three months ended		Nine months ended	
	September 30, 2016	**September 30, 2016**	**September 30, 2016**	September 30, 2015
Harmonized Sales Tax receivable	(5,421)	(3,475)	(21,425)	(11,107)
Accounts payable and accrued liabilities	(440)	-	(14,891)	-
Total	(5,861)	(3,475)	(36,316)	(11,107)

Cash consists of amounts of currency held in bank accounts.

10. FINANCIAL INSTRUMENTS

Currency risk

No financial assets and liabilities were denominated in a foreign currency as at September 30, 2016, (December 31, 2015 - $19,425 cash). The Company has very limited currency risk.

Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash as well as long-term debt and capital lease obligations. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments.

Amounts due to shareholders are non-interest bearing and therefore not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has very limited credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. During the nine-month period ended September 30, 2016, the company relied on advances from shareholders to fund all of its operations and capital requirements.

As at September 30, 2016, the Company is obligated to the following contractual maturities:

As at September 30, 2016	**Carrying amount**	**Year 1**	**Years 2 - 3**	**Years 4 and after - 5**
Accounts payable and accrued liabilities	2,560	2,560	-	-
Note Payable	239,264	239,264	-	-
Due to Shareholders	702,824	702,824	-	-
Total	944,649	944,649	-	-

Fair values

Amounts due to shareholders have a carrying value of $702,824 which approximates fair value (December 31, 2015 - $467,906).

10. FINANCIAL INSTRUMENTS

Fair value hierarchy

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).

During the year, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The debt is classified as Level 2 financial instruments.

The Company's other financial instruments, including cash, Harmonized Sales Tax receivable, accounts payable and accrued liabilities and due to shareholders are carried at cost which approximates fair value due to the relatively short maturity of those instruments.

11. SEGMENTED INFORMATION

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment and intangible assets are located in Canada. No revenues were generated during the three and nine-month periods ended September 30, 2016 and 2015.

12. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at September 30, 2016 total managed capital was comprised of share capital and debt of $942,288 (December 31, 2015 - $579,759). There were no changes in the Company's approach to capital management during the year.

13. SUBSEQUENT EVENTS

a) The Company commenced growing medical marijuana in November 2016.

b) On November 24, 2016, TGODH purchased 100% of the issued and outstanding shares of the Company and the Company purchased land and building from an original shareholder. The transaction was accounted for as a business combination in the financial statements of TGODH. The consideration for the transaction consisted of cash payment of $3,970,263 and 11,550,000 shares issued at a deemed price of $0.23 per share which totaled $2,656,500 less cash acquired of $32,818.

c) On November 24, 2016, the Company entered into an employment agreement with the President of TGOD for total compensation of $150,000 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and $25,000 bonus was paid by way of issuance of 350,000 shares of TGODH. Of this compensation $15,209 was earned but not paid in the period of November 24, 2016 to December 31, 2016.

d) On November 24, 2016, two directors provided a $250,000 bridge loan to the Company for the deposit on an adjacent property. The bridge loan bears interest at 6% annually and matures on the earlier of: (a) the day the Company executes an Assignment and Assumption Agreement, and (b) January 27, 2017. On February 9, 2017, the Company paid out related party loans for $250,000 plus accrued interest of $2,918.

e) On March 8, 2017, the Company closed on purchase of 75 acres of land adjacent to the existing facility for total purchase price of $1,900,000.

f) The Company obtained a Health Canada license to sell medical marijuana on August 10, 2017.

CERTIFICATE

DATED: October 20 , 2017

This Offering Memorandum does not contain a misrepresentation.

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.
by its Chief Executive Officer
and its Chief Financial Officer:

(signed) *"Robert Anderson"*	(signed) *"Amy Stephenson*
Robert Anderson, Chief Executive Officer and Director	Amy Stephenson, Chief Financial Officer

On Behalf of the Board of Directors:

(signed) *"David Doherty"*	(signed) *"Ian Wilms"*
David Doherty, Director	Ian Wilms, Director