

Consolidated Financial Statements

For the three months ended December 31, 2015

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51 102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Abattis Bioceuticals Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	**December 31, 2015**	September 30, 2015
	$	$
	(unaudited)	*(unaudited)*
ASSETS		
Cash	**299,229**	157,758
Cash held in trust (note 3)	**5,304**	6,836
Marketable securities (note 4)	**49,000**	92,925
Trade and other receivables (note 5)	**40,185**	39,333
Prepaid expenses and other deposits	**30,521**	52,251
	424,239	349,103
NON CURRENT ASSETS		
Property and equipment (note 7)	**186,093**	166,108
Intangible assets (note 8)	**1,081,593**	1,096,430
Other assets	**2,000**	2,000
	1,269,686	1,264,538
TOTAL ASSETS	**1,693,925**	1,613,641
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables (note 11)	**951,260**	1,118,089
Advances payable (note 12)	**18,871**	18,871
TOTAL LIABILITIES	**970,131**	1,136,960
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**11,012,259**	10,719,429
Equity settled share-based payments (note 13)	**1,878,430**	1,878,430
Warrants (note 13)	**2,175,961**	1,722,061
Foreign currency translation reserve	**103,733**	122,180
Accumulated deficit	**(14,029,625)**	(13,581,513)
TOTAL SHAREHOLDERS' EQUITY	**1,140,758**	860,587
NON-CONTROLLING INTEREST (note 14)	**(416,965)**	(383,906)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,693,925**	1,613,641

Nature of operations and going concern (note 1)
Commitments (Note 17)
Contingencies (Note 18)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 26, 2016. They are signed on behalf of the Board of Directors by:

"Douglas Sorocco"	"Bill Fleming"
Director	Director

The accompanying notes are an integral part of these consolidated financial statements.

Abattis Bioceuticals Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months ended	
	December 31, 2015	December 31, 2014
	$	$
	(unaudited)	*(unaudited)*
REVENUE		
Sales	**53**	11,331
	53	11,331
EXPENSES		
Accounting and audit fees	**10,000**	16,213
Advertising	**15,918**	29,359
Amortization	**14,836**	19,801
Bank service charge	**1,141**	1,707
Depreciation	**14,627**	21,066
Interest	**1,307**	96
Legal fees	**17,604**	103,229
Management and consulting fees	**252,763**	237,426
Office and general administration	**111,819**	407,905
Regulatory and transfer agents fees	**11,008**	12,894
Research	**21,771**	29,741
	(472,794)	(879,437)
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss)	**21,043**	(93)
Investment gain (loss) (note 4)	**(11,750)**	80,562
Impairment and loss from investment in associates (note 10)	**-**	7,866
Other income	**-**	12,052
Financing costs	**-**	(17,732)
	9,293	82,655
NET INCOME (LOSS) FOR THE PERIOD	**(463,447)**	(785,451)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	**(36,171)**	-
	(36,171)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(499,618)**	(785,451)
Net loss for the period attributable to:		
Common shareholders	**(448,112)**	(741,935)
Non-controlling interest	**(15,335)**	(43,516)
	(463,447)	(785,451)
Comprehensive loss for the period attributable to:		
Common shareholders	**(466,560)**	(741,935)
Non-controlling interest	**(33,059)**	(43,516)
	(499,618)	(785,451)

The accompanying notes are an integral part of these consolidated financial statements.

Abattis Bioceuticals Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves						
	Number of shares	Amount	Equity settled share-based payments	Warrants reserve	Foreign currency translation reserve	Total	Deficit	Non-controlling interests	Total
		$	$	$	$	$	$	$	$
Balance at September 30, 2014	**64,925,686**	**10,073,190**	**1,637,196**	**1,441,805**		**3,079,001**	**(9,108,966)**	**599,811**	**4,643,036**
Shares issued for consulting fees	54,535	10,362	-	-	-	-	-	-	**10,362**
Shares issued for directors' fees	66,668	12,667	-	-	-	-	-	-	**12,667**
Shares issued for cash - warrant exercise	832,000	83,200	-	-	-	-	-	-	**83,200**
Reclassification of grant-date fair value on exercise of warrants	-	60,069	-	-	-	(60,069)	-	-	**-**
Net loss for the year	-	-	-	-	-	-	(741,935)	(43,516)	**(785,451)**
Balance at December 31, 2014	**65,878,889**	**10,239,488**	**1,637,196**	**1,441,805**	**-**	**3,018,932**	**(9,850,901)**	**556,295**	**3,963,814**
Balance at September 30, 2015	**76,802,135**	**10,719,429**	**1,878,430**	**1,722,061**	**122,180**	**3,722,671**	**(13,581,513)**	**(383,906)**	**476,681**
Shares issued for cash - private placement	10,500,000	84,500	-	440,500	-	440,500	-	-	**525,000**
Share issue costs	-	(42,400)	-	13,400	-	13,400	-	-	**(29,000)**
Shares issued as settlement of trade payables	2,002,266	142,492	-	-	-	-	-	-	**142,492**
Shares issued for consulting fees	583,805	43,315	-	-	-	-	-	-	**43,315**
Shares issued for directors' fees	526,923	47,423	-	-	-	-	-	-	**47,423**
Treasury Stock	-	17,500	-	-	-	-	-	-	**17,500**
Net loss per the period	-	-	-	-	-	-	(448,112)	(15,335)	**(463,447)**
Exchange differences in translation	-	-	-	-	(18,447)	(18,447)	-	(17,724)	**(36,171)**
Balance at December 31, 2015	**90,415,129**	**11,012,259**	**1,878,430**	**2,175,961**	**103,733**	**4,158,124**	**(14,029,625)**	**(416,965)**	**723,793**

The accompanying notes are an integral part of these consolidated financial statements.

Abattis Bioceuticals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, Expressed in Canadian Dollars)

	For the three months ended	
	December 31, 2015	December 31, 2014
	$	$
	(unaudited)	*(unaudited)*
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the year	**(463,447)**	(785,451)
Adjustments for items not affecting cash:		
Amortization	**14,837**	19,801
Depreciation	**11,266**	21,066
Investment loss (gain)	**1,925**	(86,043)
Loss (gain) from investment in associates	**-**	(7,866)
Shares issued for consulting fees	**43,315**	10,362
Shares issued for directors' consulting fees	**47,423**	12,667
Shares issued for debt	**159,992**	-
	(184,689)	(815,464)
Net changes in non-cash working capital items:		
Trade and other receivables	**(852)**	(22,130)
Loan receivable	**-**	(116,290)
Prepaid expenses and other deposits	**21,730**	(22,600)
Cash held in trust	**1,532**	-
Inter-company balances	**27,507**	-
Trade and other payables	**(166,829)**	285,704
Net cash flows used in operating activities	**(301,601)**	(690,780)
FINANCING ACTIVITIES		
Common shares issued for cash, net of share issue costs	**496,000**	83,200
Net cash flows from financing activities	**496,000**	83,200
INVESTING ACTIVITIES		
Loan to Phytalyics	**(27,507)**	-
Proceeds on redemption of term deposits	**-**	785,000
Purchase/ sale of marketable securities	**42,000**	(49,000)
Purchase/ sale of intangible assets	**-**	(3,032)
Purchase/ sale of equipment	**(31,251)**	(121,527)
Net cash flows from (used in) investing activities	**(16,758)**	611,441
Effects of exchange rate changes on cash and cash equivalents	**(36,171)**	-
Net increase (decrease) in cash	**141,470**	3,861
Cash and cash equivalents, beginnig of period	**157,758**	135,171
Cash and cash equivalents, end of period	**299,229**	139,032
Cash paid during the period for interest	**1,017**	-
Cash paid during the period for income taxes	**-**	-

Supplementary cash flow information (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Abattis Bioceuticals Corp. (the "Company" or "Abattis") was incorporated as Sinocan Capital Group Inc. under the Company Act (Canada British Columbia) on June 30, 1997 and listed and began trading on the Canadian National Stock Exchange ("the Exchange") under the symbol "FLU" on December 23, 2010. From February 21, 2014, the Company commenced trading under the new symbol "ATT". The Company's head office is located at Suite 1040 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada.

Abattis is a biotechnology company with capabilities, through its wholly owned subsidiaries, of producing, licensing and marketing proprietary ingredients and formulas for use in the BioPharma, Nutraceutical, Cosmetic and Animal Nutrition markets.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These consolidated financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's operations to date have been financed by issuing common shares and debt instruments. The Company's ability to continue as a going concern is dependent upon profitable commercialization of its technologies and the continuing ability to obtain debt or equity financing to fund ongoing operations and research and development activities. The current cash position on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern assumption will be in significant doubt.

During the period ended December 31, 2015, the Company has incurred a net loss of $499,618 (December 31, 2014 – $785,451). As at December 31, 2015, the Company had a working capital deficiency of $545,892 (September 30, 2015 – working capital deficiency of $787,857) and an accumulated deficit of $14,029,625 (September 30, 2015 – $13,581,513). These factors indicate the presence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets classified as at fair value through profit or loss or available for sale, which are measured at fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar except Phytalytics LLC which has a US dollar functional currency. All amounts in these unaudited condensed consolidated interim financial statements are expressed in Canadian dollars, unless otherwise indicated.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 2 of the Company's annual audited consolidated financial statements for the year ended September 30, 2015. During the three months ended December 31, 2015, the estimation of useful life of the leasehold improvement for the depreciation purposes has been changed from 20 years to the initial lease term plus an option to renew. This change in estimate will be applied prospectively.

New and amended standards adopted

Effective October 1, 2014, the Company adopted the following revised IASs and IFRSs issued by the IASB. These revised standards and interpretation did not have a material impact on the Company's consolidated financial statements.

IFRS 8, Operating Segments – amended to require the disclosure of the judgements made by management in applying the aggregation criteria to operating segments and to clarify that the reconciliation of the segment assets is required if they are regularly provided to the chief operating decision-maker. It is effective for annual periods beginning on or after July 1, 2014.

IFRS 13, Fair Value Measurement ("IFRS 13") – the Basis of Conclusions was amended to clarify that issuing IFRS 13 and amending IFRS 9, *Financial Instruments* ("IFRS 9") and IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39") did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. IFRS 13 was also amended to clarify the scope of the portfolio exception. It is effective for annual periods beginning on or after July 1, 2014.

IAS 16, Property, Plant and Equipment ("IAS 16") and IAS 38, Intangible assets ("IAS 38") – amended to clarify that, under the revaluation method, the gross amount of property, plant and equipment and intangible asset is adjusted in a manner consistent with the revaluation of the carrying amount of the asset. Accumulated amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses as a result of the revaluation. It is effective for annual periods beginning on or after July 1, 2014.

IAS 24, Related Party Disclosures ("IAS 24") – amended to clarify how payments to entities providing management services to the Company are to be disclosed. It is effective for annual periods beginning on or after July 1, 2014.

The Company adopted these standards as at October 1, 2014 and has determined that they have no material impact on the Company's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

New standards and interpretations not yet adopted

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements ("IFRS 10") and IAS 28, Investment in Associates and Joint Ventures ("IAS 28") – amended to require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business and to require partial recognition of gains and losses where the assets do not constitute a business. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 10, IFRS 12, Disclosure of Interests in Other Entities, and IAS 28 – amended to address issues that have arisen in the context of applying the consolidation exception for investment entities. It is effective for annual periods beginning on or after January 1, 2016.

IAS 1, Presentation of Financial Statements ("IAS 1") – amended to clarify IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations – amended to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution to its owners, or vice versa, and cases in which held-for-distribution accounting is discontinued. It is effective for annual periods beginning on or after July 1, 2016.

IFRS 7, Financial Instruments - Disclosure – amended to clarify whether a servicing contract is continuing involvement in a transferred asset and to clarify offsetting disclosure requirements in condensed interim financial statements. It is effective for annual periods beginning on or after July 1, 2016.

IAS 19, Employee Benefits – amended to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. It is effective for annual periods beginning on or after July 1, 2016.

IAS 34, Interim Financial Reporting – amended to clarify the meaning of "elsewhere in the interim report" and require a cross-reference. It is effective for annual periods beginning on or after July 1, 2016.

IFRS 15, Revenue from Contracts with Customers – provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other matters. New disclosures about revenue are also introduced. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

3. CASH HELD IN TRUST

As at December 31, 2015, the Company has $5,304 held in trust (September 30, 2015 – $6,836). This amount was held in a lawyer's trust account.

4. MARKETABLE SECURITIES

During the year ended September 30, 2015, the company acquired 980,000 shares of the Bi Optic Ventures Inc. at a cost of $49,000. The company disposed of 1,234,750 shares of Bi Optic Ventures Inc. and the remaining quantity and fair value is nil.

On February 9, 2015 the shares of the True Leaf was listed in Canadian Securities Exchange ("CSE"), therefore 1,333,333 shares of True Leaf were reclassified from investments to marketable securities (see also Note 10). During the period ended December 31, 2015, the Company disposed of 280,000 shares of the True leaf. As of December 31, 2015, the Company held 408,333 shares of True Leaf with a market value of $49,000.

The Company recognised a loss of $11,750 (December 31, 2014 - $nil) regarding trading of the marketable securities, which was recognized in the consolidated statement of loss and comprehensive loss.

	December 31, 2015		September 30, 2015	
	Quantity	Carrying Value	Quantity	Carrying Value
True Leaf Medicine International Ltd.	408,333	$ 49,000	688,333	$ 92,925
	408,333	**$ 49,000**	**688,333**	**$ 92,925**

5. ACCOUNTS RECEIVABLE

	December 31, 2015	September 30, 2015
Trade receivable	**$ 1,727**	$ 3,238
GST receivable	**17,646**	15,283
Share subscription receivable	**20,812**	20,812
Due from an associate	**-**	-
	$ 40,185	$ 39,333

During the year ended September 30, 2015, the company recorded a provision of $24,543 for the balance due from an associate (see September 30, 2015 Financial statements).

6. LOAN RECEIVABLE

On December 18, 2014, the Company provided a short-term loan to Terracity Lawrence LLC (" Terracity") in the amount of $124,740 (USD 100,000). The loan matured on February 18, 2015. The Company is actively trying to collect the amount of the loan, however, as the loan has been past due for a period of time and therefore a provision was recorded for the full balance.

7. PROPERTY AND EQUIPMENT

	Computer equipment	Office equipment	Plant equipment	Leasehold improvement	Total
Cost					
As at September 30, 2015	$ 26,531	$ 67,741	$ 131,567	$ 34,288	**$ 260,127**
Additions	-	-	951	30,300	**31,251**
Effect of movements in exchange rates	-	-	74	3,468	**3,543**
Balance as at December 31, 2015	**$ 26,531**	**$ 67,741**	**$ 132,592**	**$ 68,056**	**$ 294,921**
Depreciation					
As at September 30, 2015	$ (10,327)	$ (25,918)	$ (50,355)	$ (7,420)	**$ (94,020)**
Charged for the period	(1,721)	(3,643)	(6,024)	(3,240)	**(14,627)**
Effect of movements in exchange rates	-	(6)	(174)	-	**(180)**
Balance as at December 31, 2015	**$ (12,048)**	**$ (29,566)**	**$ (56,553)**	**$ (10,660)**	**$ (108,827)**
Net book value					
As at September 30, 2015	$ 16,204	$ 41,823	$ 81,212	$ 26,868	$ 166,107
As at December 31, 2015	**$ 14,483**	**$ 38,175**	**$ 76,040**	**$ 57,396**	**$ 186,093**

During the three months ended December 31, 2015, the estimation of useful life of the leasehold improvement for the depreciation purposes has been changed from 20 years to the initial lease term plus an option to renew. This change in estimation will be applied prospectively. Based on the new estimate, the leasehold of Northern Vine will be depreciated based on useful life of 6 years consists of 3 years initial lease term and 3 years one lease option to renew.

8. INTANGIBLE ASSETS

	Formulae	Licenses	Trademark	Proprietary processes	Total
Cost					
As at September 30, 2015	$ 588,067	$ 616,331	$ 1,287	$ 63,785	**$ 1,269,470**
Balance as at December 31, 2015	**$ 588,067**	**$ 616,331**	**$ 1,287**	**$ 63,785**	**$ 1,269,470**
Amortization					
As at September 30, 2015	$ (83,881)	$ (89,115)	$ (44)	$ -	**$ (173,040)**
Charged for the period	(7,116)	(7,704)	(18)	-	**(14,836)**
Balance as at December 31, 2015	**$ (90,997)**	**$ (96,819)**	**$ (62)**	**$ -**	**$ (187,877)**
Net book value					
As at September 30, 2015	$ 504,186	$ 527,216	$ 1,243	**$ 63,785**	$ 1,096,430
As at December 31, 2015	**$ 497,070**	**$ 519,512**	**$ 1,225**	**$ 63,785**	**$ 1,081,593**

8. INTANGIBLE ASSETS (CONTINUED)

Amortization of intangible assets is included in 'Amortization' on the statement of loss and comprehensive loss.

The Company's intangible assets consist of assets for both finite and indefinite life. The Company amortized the intangible assets based on their expected useful life.

The intangible assets include the following key agreements:

- On August 6, 2014 the Company entered into an agreement with TerraSphere Systems LLC which granted the Company non-exclusive rights to proprietary and patented vertical farming technology for cash consideration of $109,500. The patent related to the technology has a remaining life of 15 years. During the year ended September 30, 2015, the Company determined that the technology was impaired and the entire balance was written-off.
- On February 27, 2014 the Company purchased organic and hydroponic fertilizer and nutritional proprietary formulas from Green-Grow Garden Products Ltd. in consideration for 300,000 common shares of the Company.
- On April 7, 2014 the Company acquired a license for proprietary processes through the acquisition of Phytalytics as disclosed in note 3. The fair value proprietary process on the date of acquisition was $1,245,812. As Phytalytics suspended activities during the year ended September 30, 2015, the balance of the proprietary license was considered impaired and was written down to its estimated fair value of $63,785.
- On August 30, 2015 the Company disposed of an Avian Poultry patent with a cost of $250,000 to a related party.

9. INVESTMENT

During the year ended September 30, 2014, the Company purchased 800,000 shares of True Leaf Medicine Corp. at a cost of $200,000. These securities were classified as available for sale since the shares of True Leaf Medicine Corp. did not have a quoted price in an active market.

On February 9, 2015, the common shares of True Leaf Medicine Corp. ("True Leaf") were approved for listing on the CSE, therefore investment in True Leaf were reclassified as marketable securities (see also note 4). The Company received an additional 533,333 common shares as part of the listing.

10. INVESTMENT IN ASSOCIATES

The following is a summary of the investment in associates for the year ended September 30, 2015:

		Experion Biotechnologies Inc.		Instant Payment Systems LLC
Carring value as at September 30, 2013	$	-	$	289,560
Share of profit		-		(18,381)
Carrying value as at September 30, 2014	$	-	$	271,179
Impairment		-		(271,179)
Carrying value as at September 30, 2015	$	-	**$**	-

On April 10, 2014, the Company through its wholly owned subsidiary, Northern Vine, entered into a share exchange agreement with Experion Biotechnologies Inc. ("Experion"). Experion is incorporated under the laws of British Columbia, Canada and is located in Vancouver, BC. Pursuant to the terms of the agreement, Experion and Northern Vine have exchanged 25% of each parties' issued and outstanding common shares. The Company maintains a 75% ownership in Northern Vine.

April 30, 2014, the Company through its wholly owned subsidiary, Abattis Bioceuticals International Inc., acquired 34% interest in Instant Payment Systems LLC ("IPS"), a US entity based in Washington State, in consideration for $100,000 cash payments and 200,000 common shares of the Company with a fair value of $180,000. IPS was incorporated under the laws of Washington, US.

During the year ended September 30, 2015, the investment in IPS was determined to be impaired and was written off in full as IPS ceased development of its product and ceased operations.

11. TRADE AND OTHER PAYABLES

		December 31, 2015		September 30, 2015
Trade payables	**$**	**447,358**	$	717,278
Accrued liabilities		**78,250**		239,000
Due to related parties		**404,563**		140,543
Payroll liabilities		**21,089**		21,268
	$	**951,260**	$	1,118,089

12. ADVANCES PAYABLE

On January 30, 2013, the Investment Agriculture Foundation provided $18,871 to a subsidiary acquired by the Company on March 1, 2013 to develop high value, high quality fractionation processes for surplus berries. Focus has moved away from this project during the year ended September 30, 2013 and therefore funds advanced by the Investment Agriculture Foundation will be repaid. During the period ended December 31, 2015, no funds were repaid to the Company.

13. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2015, there were 90,415,129 issued and fully paid common shares (September 30, 2015 – 76,802,135). The Company also held 1,750,000 common shares in treasury (September 30, 2015 – 2,100,000).

During the three months ended December 31, 2015:

- On December 3, 2015, and December 15, 2015 the company completed first and second tranche of a non-brokered private placement of 10,250,000 and 250,000 unit respectively at a price of $0.05 per Unit for total gross proceeds of $525,000. Each Unit consists of one common share and one share purchase warrant of the Company exercisable at $0.07 per warrant for a period of 24 months after issuance. Finders' fees of 8% and 320,000 warrants ("Agent Warrants") were issued to the agent for the financing. The Agent Warrants have the same terms as the warrants attached to the units.

- The Company issued 526,923 common shares for the directors' consulting and management fees of $47,423.

- The Company issued 583,805 common shares to consultants of the Company with aggregate fair value of $43,315 for consulting services.

- The Company issued 116,667 common shares with a fair value of $10,5020 to a consultant in order to settle a trade payable.

- On November 9, 2015, the Company issued 1,600,599 shares to EROP Capital, LLC ("EROP"), in order to settle payables due to EROP. The Company also issued 285,000 shares to cover certain fees and expenses incurred by EROP during the settlement process.

13. SHARE CAPITAL (CONTINUED)

Share purchase warrants

The changes in warrants during the period ended December 31, 2015 are as follows:

	December 31, 2015		September 30, 2015	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning balance	**9,756,318**	**$ 0.40**	7,883,831	$ 0.40
Issued	**10,820,000**	**0.12**	8,480,818	0.12
Exercised	**-**	**0.10**	(1,200,000)	0.10
Expired	**(1,275,500)**	**0.49**	(5,408,331)	0.49
Outstanding, ending balance	**19,300,818**	**$ 0.23**	9,756,318	**$ 0.14**

The following summarizes information about warrants outstanding and exercisable at December 31, 2015:

Expiry date	Warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
September 19, 2016	2,365,072	0.18	132,444	0.18
August 19, 2017	5,949,080	0.09	220,116	0.50
December 3, 2017	10,550,000	0.07	443,100	0.82
December 15, 2017	270,000	0.07	10,800	0.02
May 6, 2020	166,666	0.12	14,333	0.05
	19,300,818	$ 0.10	**$ 820,793**	**1.57**

During the period ended December 31, 2015, the Company issued 10,820,000 share purchase warrants with exercise price of $0.07 and expiry date of two years.

On October 7, 2015, 1,275,500 share purchase warrants with exercise price of $0.25 and estimated fair value of $251,681 expired.

Stock options

The Company has a share purchase option plan (dated June 18, 2012) which specifies that a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of share options. The term of the share options granted are fixed by the board of directors and are not to exceed ten years. The exercise prices of the share options shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant the share purchase options, less any discount permitted by the Exchange. Vesting of options will be at the discretion of the Board.

13. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The changes in options during the period ended December 31, 2015 are as follows:

	December 31, 2015		September 30, 2015	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**6,370,000**	**$ 0.22**	5,443,100	$ 0.17
Granted	**-**	**-**	4,200,000	0.07
Cancelled	**(600,000)**	**0.10**	(3,273,100)	0.44
Outstanding, end of year	**5,770,000**	**$ 0.23**	6,370,000	$ 0.22

Options issued during the period ended December 31, 2015:

- During the period ended December 31, 2015, 25,000 stock options with exercise price of $0.64, 25,000 options with exercise price of $0.43, and 550,000 options with exercise price of $0.06 with total estimated fair value of $38,133 cancelled.

- During the period ended December 31, 2015, no options were granted, exercised and expired.

The following summarizes information about stock options outstanding and exercisable at December 31, 2015:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
May 12, 2016	360,000	360,000	$ 0.350	$ 103,118	0.02
December 24, 2017	150,000	150,000	$ 0.100	5,596	0.05
February 18, 2019	25,000	25,000	$ 0.170	1,879	0.01
July 22, 2019	1,030,000	1,030,000	$ 0.640	421,999	0.64
August 8, 2019	605,000	605,000	$ 0.480	167,861	0.38
September 16, 2019	100,000	100,000	$ 0.330	20,422	0.06
January 27, 2020	25,000	25,000	$ 0.160	2,175	0.02
March 6, 2020	125,000	125,000	$ 0.160	14,125	0.09
August 20, 2020	3,350,000	3,350,000	$ 0.060	127,300	2.69
	5,770,000	**5,770,000**		**$ 864,475**	**3.97**

14. NON-CONTROLLING INTEREST

The following table summarizes the information relating to the non-controlling interest ("NCI") of the Company's subsidiaries before any inter-company eliminations:

		Phytalytics LLC		Northern Vine
NCI percentage		**49%**		**25%**
As at December 31, 2015				
Current assets	$	6,623	$	14,919
Property and equipment		69,276		80,428
Intangible assets		63,785		-
Current liabilities		(251,911)		(182)
Other non-current liabilities		(586,762)		(330,501)
Net assets	$	(698,989)	$	(235,336)
Carrying amount for NCI		(342,505)		(58,834)
For the three months ended December 31, 2015				
Revenue	$	53	$	-
Loss		(50,390)		(33,472)
Loss allocated to NCI	$	(24,691)	$	(8,368)

As the December 31, 2015, the carrying value of NCI was $416,965 (2014 - $383,906) which was determined as follows:

		Phytalytics LLC		Northern Vine
Initial recognition at the date of acquisition	$	606,400	$	(6,589)
During the year ended September 30, 2015				
Loss allocated to NCI		(956,456)		(27,261)
As at September 30, 2015	**$**	**(350,056)**	**$**	**(33,850)**
During the year ended September 30, 2015				
Loss allocated to NCI		(24,691)		(8,368)
As at December 31, 2015	**$**	**(374,747)**	**$**	**(42,218)**

15. SUPPLMENTAL CASH FLOW INFORMATION

	For the three months ended	
	December 31, 2015	December 31, 2014
Shares issued for settlement of trade payable	$ 159,992	-
Shares issued for consulting fees	43,315	10,363
Shares issued for directors'consulting and management fees	47,423	12,666
Warrants issued for financing costs	13,400	
Transfer to warrants reserve fair value of warrants issued on private placement	440,500	

16. RELATED PARTY TRANSACTIONS

Transactions with associates

During the year ended September 30, 2014, the Company provided a short-term loan of $24,543 to IPS (September 30, 2013 – $nil). This amount was fully impaired during the year ended September 30, 2015.

Key management personnel compensation

		For the three months ended December 31, 2015		
Name	**Position**	**Management and consulting fees**	**Director' fees**	**Total**
William (Bill) Fleming (i)	CEO	$ 41,250	$ -	$ 41,250
Rene David (iii)	CFO	48,125	-	48,125
Brazos Minshew (v)	Director	7,040	-	7,040
Guy Dancosse (vi)	Director	4,500	-	4,500
Dunlap Codding, P.C. (vii)	Director	601	-	601
James Irving (ix)	Director	9,000	-	9,000
		$ 110,516	**$ -**	**$ 69,266**

		For the three months ended December 31, 2014		
Name	**Position**	**Management and consulting fees**	**Directors' fees**	**Total**
Mike Withrow (ii)	CEO	$ 43,749	$ -	$ 43,749
Rene David (iii)	CFO	31,250	-	31,250
Terence Fealey (iv)	Director	27,683	-	27,683
Brazos Minshew (v)	Director	-	26,599	26,599
Dunlap Codding, P.C. (vii)	Director	66,528	-	66,528
Emanuel "Manny" Montenegrino (viii)	Director	32,320	-	32,320
		$ 201,530	**$ 26,599**	**$ 228,129**

16. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation (continued)

i) The Company paid management fees of $41,250 to Manewagi Technologies Incorporated, a company controlled by Mr. Bill Fleming (December 31, 2014 - nil).

During the period ended December 31, 2015, the Company issued 376,923 common shares to Mr. Bill Fleming to settle $33,923 of accounts payable.

At December 31, 2015, $57,327 due to Manewagi Technologies Incorporated and $11,108 due to Bill Fleming were included in trade and other payables (September 30, 2015 – $48,812).

ii) On January 27, 2015, Mr. Mike Withrow resigned his role as CEO and president. The Company paid management fees of nil to Chiron Capital Inc., a company controlled by Mr. Withrow during the period ended December 31, 2015 (December 31, 2014 – $43,749).

iii) The Company paid management fees of $48,125 to Crimson Opportunities Ltd., a company controlled by Mr. David during the period ended December 31, 2015 (December 31, 2014 - $31,250). During the period ended December 31, 2015, the Company issued 100,000 common shares with a fair value of $6,875 in lieu of cash payments to Crimson Opportunities Ltd.

On May 21, 2014, the Company leased a facility from Crimson Opportunities Ltd. to manufacture and warehouse its proprietary Biocube systems. During the period ended December 31, 2015, the Company paid $3,205 in related lease expenses (December 31, 2014 - $ 9,615). The lease was terminated on October 31, 2015.

At December 31, 2015, $19,037 due to Crimson Opportunities Ltd. and $10,098 due to Rene David were included in trade and other payables (September 30, 2015 – $5,548).

iv) On February 1, 2015, the company entered into a settlement agreement with Mr. Fealey. Based on the agreement, the consulting agreement with Mr. Fealey was terminated and the outstanding amount owing of $235,024 (2014 - $104,182) to Mr. Fealey was settled for US$32,000. The Company is required to pay this amount in six equal payments (each US$5,333) from February to July 2015. Three payments have been made (US$16,000).

The Company entered into an advisory agreement with Mr. Fealey on February 1, 2015. Based on this advisory agreement, the Company granted 325,000 stock options with a fair value of $27,577 to Mr. Fealey.

At December 31, 2015, $22,528 (US$ 16,000) due to Mr. Fealey was included in trade and other payables (September 30, 2015 - $21,430).

16. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation (continued)

v) During the period ended December 31, 2015, the Company paid management and consulting fees of $7,040 (US$ 5,000) to Mr. Minshew (December 31, 2014 - the Company issued 66,668 common shares to Mr. Minshew for the directors' fees of $12,667).

At December 31, 2015, $14,080 (US$ 10,000) due to Mr. Minshew was included in trade and other payables (September 30, 2015 - $6,697- US$ 5,000).

vi) During the period ended December 31, 2015, the Company issued 50,000 common shares to Mr. Dancosse for the directors' fees of $4,500 (December 31, 2015 - nil).

At December 31, 2015, $1,139 (due to Mr. Dancosse was included in trade and other payables (September 30, 2015 - $1,139).

vii) The Company recorded legal fees of $601 (US$427) to Dunlap Codding, P.C., of which of Mr. Douglas Sorocco is a one-third partner, during the period ended December 31, 2015 (December 31, 2014 - $99,245).

At December 31, 2015, $213,801 (US$152,274) (September 30, 2015 – $203,384) due to Dunlap Codding, P.C. was included in trade and other payables.

viii) The Company paid consulting fees of $nil to Think Sharp, a company controlled by Emanual Montenegrino, the director of the Company, during the period ended December 31, 2015 (December 31, 2014 – $32,320 consulting fees). During the period ended December 31, 2015, the Company issued nil common shares (December 31, 2014, the Company issued 40,000 common shares with a fair value of $7,600 in lieu of cash payments). Mr. Montenegrino resigned his role as director effective August 31, 2015.

ix) The Company issued 100,000 common shares to Mr. James Irving for the directors' fees of $9,000 (September 30, 2015 - nil).

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

17. COMMITMENTS

i) On March 1, 2012, the Company entered into a three year consulting agreement with one of the directors of the Company. Under the agreement, the Company will pay US $8,000 per month to this director for consulting and research and development services. On February 1, 2015, the company entered into a settlement agreement with the director (see also Note 16(iv)) and the consulting agreement was terminated.

ii) On April 20, 2012, the Company entered into a five-year exclusive distribution agreement with Hedley Enterprises Ltd. ("Hedley") to purchase, resell and distribute Abattis' line of natural products in Canada. Under the terms of the Agreement Hedley has acquired the exclusive right to sell and distribute Abattis' products to all retail distribution channels, which include health food stores, grocery stores, fitness facilities, and similar retail establishments.

iii) On November 1, 2012, the Company renewed a three-year office lease with Toro Holdings Ltd. and subsequently in June 2015 expanded the lease for 3 months up to January 31, 2016. Subsequent to the period on February 1, 2016, the Company renewed a three-year lease. The Company's minimum annual lease payments based on fiscal years are as follows:

Year		
2016	$	31,239
2017		31,113
2018		31,113
2019		10,371
	$	103,837

iv) On December 27, 2012, the Company entered into a license agreement with Vertical Designs Ltd. ("Vertical Designs"), a company controlled by the former director of the Company. Under the agreement, the Company has been granted the exclusive, worldwide rights to a patent license, with the right to grant sublicenses, to use the Bio Pharma technology for growing products at licensed facilities, which products may only be used as ingredients in the pharmaceutical, nutraceutical, cosmetic and wellness markets. The royalty provisions of the license agreement reflect that: (i) the royalty payable on net sales of all products sold by Abattis was 4%; (ii) in consideration for the grant of the Company's right to grant sublicenses, the Company will pay to Vertical Designs Ltd. a sublicense royalty of 15% of any monies or other consideration that the Company receives from any sublicense; and (iii) after two years, the Company will be required to pay to Vertical Designs Ltd. a minimum royalty payment of $25,000 per year and if the combined royalty payments paid from (i) and (ii) above do not equal $25,000 in any given year then the Company will be permitted to top up such amount with a cash payment. The first minimum royalty agreement is due on February 29, 2015. Under the terms of the agreement, the patent license will revert to Vertical Designs Ltd. in certain circumstances, including: (i) if the Company terminates the agreement; (ii) if the Company materially breaches or defaults in the performance of the agreement and has not cured such default within 60 days, or in the case of failure to pay any amounts due, then within 30 days, after receiving written notice from Vertical Designs Ltd. specifying the breach; (iii) if the Company discontinues its business of producing ingredients for pharmaceutical, nutraceutical, cosmetic or wellness markets; (iv) if the Company fails to pay the annual $25,000 minimum royalty payment for any year ending after the second anniversary of the agreement; or (v) if the Company

17. COMMITMENTS (CONTINUED)

becomes insolvent, makes an assignment for the benefit of creditors or has a petition of bankruptcy filed by or against it, which petition is not vacated or otherwise removed within 90 days after the filing thereof. The Company also agreed to pay Vertical Designs $250,000 for the purchase and sale of six complete Vertical Designs operational units. The purchase price will be paid in instalments, dates and amounts are to be determined between the parties, with the first payment due on or before the earlier of five business days following the Company completing an equity and/or debt financing of any amount or the first business day in the seventh month following the date of the Bill of Sale.

During year ended September 30, 2015, VDL sent a letter advising they were terminating the license agreement discussed in Note 18(iv) by citing that the Company failed to comply with certain terms and conditions included in the license agreement. The Company believes that the terms in the license agreement have been followed; as a result, the license agreement should be valid. The Company intends to continue to honor the agreement and make any payments or provide any information required under the license. The Company provides for costs related to contingencies when a loss is probable and the amount is reasonably determinable. In the opinion of management, no grounds exist that justify the termination of the license agreement. It is the opinion of management, based in part on advice of legal counsel, that the ultimate resolution of the termination of the license agreement is undeterminable.

Subsequent to the period ended December 31, 2015, on January 12, 2016, Vertical Design Ltd. entered into an agreement to assign the patent license to Affinor Growers Inc. ("Affinor"). Affinor has confirmed that the Company will still have rights to use the technology.

v) On October 1, 2013, the Company entered into a consulting agreement with Crimson Opportunities Ltd., a company controlled by the CFO of the Company for his services as CFO and COO. This consulting agreement was amended February 1, 2015. Under the agreement, the Company will pay annual consulting fees of $165,000 (excluding GST). He will also be entitled to 25,000 common shares of the Company on a monthly basis.

vi) On May 21, 2014, the Company entered into 5-year warehouse sublease in Squamish. The lease agreement terminated on October 30, 2015.

vii) On October 30, 2015, Phyatalytics LLC. terminated it's lease agreement in Washington.

viii) During the year ended September 30, 2014, the Company entered into 34-month office lease ending June 30, 2017. The Company's minimum annual lease payments are as follows:

Year		
2016		75,597
2017		58,418
	$	134,015

17. COMMITMENTS (CONTINUED)

During the period ended December 31, 2015 the Company paid $17,812 lease payments(December 31, 2014 - $17,094) .These amounts have been charged to the statement of loss and comprehensive loss during the period.

ix) On February 4, 2015, the Company entered into a US$25 million equity line facility agreement with Dutchess Opportunity Fund, II, LP, a Delaware Limited Partnership ("Dutchess"). The Company has filed a preliminary registration statement with the U.S. Securities & Exchange Commission ("SEC") on March 28, 2015 covering the Abattis shares that may be issued to Dutchess under this financing. After the SEC has declared the registration statement related to the transaction effective, the Company has the right at its sole discretion over a period of three years to sell up to US$25 million of common shares to Dutchess under the terms of the financing agreement, which shares will be issued at the current market price less permitted discounts in effect during such issuances. Proceeds from this transaction will be used to fund the continued development of the Company's GDERS (grow, dry, extract, refine, sell) strategy spanning the entire industry supply chain from seed to sale. The registration statement has not yet been declared effective by the SEC.

18. CONTINGENCIES

- On September 20, 2012, a claim, which is based on a contract dated June 29, 2009 between the Company and the plaintiff, was filed against the Company. The plaintiff and the Company entered into an agreement dated May 16, 2011 to settle a dispute between the two parties over the contract dated June 29, 2009. The Company made an initial payment of $5,000 to the plaintiff, as per the agreement dated May 16, 2011. However, the plaintiff did not transfer the payment to an individual named in the agreement nor did the plaintiff instruct this individual appropriately. As such, the Company refused to make any further payments under this agreement until those events have taken place. The plaintiff claims that the agreement of May 16, 2011 is not binding and is seeking payment of $145,000. The outcome of this claim is not determinable and therefore no amount has been recorded for any potential payments which may have to be made.

- The Company has received the outcome of the judgement regarding a claim of its former consultants for breaching the consulting contract, which the plaintiff is entitled to 75,000 options of the Company. During period ended December 31, 2015, the Company reached a settlement in its ongoing litigation involving John Gregory Dennison and Integra Construction Ltd. Based on the settlement, the Company issued 350,000 free-trading common shares; paid $100,000 to the Plaintiffs and will pay $5,700 per month for ten (10 months) commencing on November 1, 2015.

- The Company has settled a claim from one of its former consultants White Rock Holdings Inc. for a declaration of entitlement of 5% of the Company's common shares, damages, punitive damages and costs. The Company has come to terms with White Rock Holdings to pay $25,000 cash and 75,000 shares issued. The Company has made payment of $15,000 on May 13, 2015 and other payment of $10,000 on December 14, 2015.

- The Company is defending a claim from one of its former consultants for breaching a contract to pay for marketing services for approximately $23,000. The Company has filed a counter claim that the plaintiff

18. CONTINGENCIES (CONTINUED)

failed to provide the requested services. The outcome of the claim is not determinable and therefore no amounts have been recorded for any potential payments which have to be made.

- The Company is defending a claim from one of its former directors for amounts payable to him which he claims were to be settled in common shares. The plaintiff has claimed damages of approximately $300,000. The outcome of this claim is not determinable.

It is the opinion of management, based in part on advice of legal counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material adverse effect on the financial condition of the Corporation.

19. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

20. FINANCIAL INSTRUMENTS

a) Fair value

In accordance with IFRS, financial instruments are classified into one of the five following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Investments with quoted prices in active markets are designated as held-for-trading. Investments without quoted prices in active markets designated as available for sale and are carried at cost.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1	quoted prices in active markets for identical assets or liabilities;
Level 2	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. from derived prices); and
Level 3	inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2015, cash of $299,229 (September 30, 2015 – $157,758), cash held in trust of $5,304 (September 30, 2015 – $6,836)) and marketable securities of $49,000 (September 30, 2015 – $92,925) have been measured and recognized in the balance sheet using Level 1 inputs. Investment of $200,000 have been designated as available for sale and carried at cost on the balance sheet as at September 30, 2014, there was no observable market data available. The investment was reclassified to marketable securities as the underlying securities became publically traded during the year ended September 30, 2015. At December 31, 2015 and September 30, 2015, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

		December 31, 2015	September 30, 2015
Financial Assets	**Financial Assets**		
Held-for-trading	*Held-for-trading*		
Cash and cash equivalents	Cash	$ 299,229	$ 157,758
Marketable securities	Marketable securities	49,000	92,925
Loans and receivable	*Loans and receivable*		
Cash held in trust	Cash held in trust	5,304	6,836
Term deposits	Term deposits	-	-
Trade and other receivables	Trade and other receivables	40,185	39,333
Available-for-sale	*Available-for-sale*		
Investments	Investments	-	-
Financial Liabilities	**Financial Liabilities**		
Other finanial liabilities	*Other finanial liabilities*		
Bank indebtedness	Bank indebtedness	-	-
Trade and other payables	Trade and other payables	951,260	1,118,089
Advances payable	Advances payable	18,871	18,871

20. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, cash held in trust, term deposits, loan receivable, and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at December 31, 2015 and September 31, 2015, the Company's exposure is the carrying value of the financial instruments.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash at December 31, 2015 in the amount of $299,229 (September 30, 2015 – $157,758), in order to meet short-term business requirements. At December 31, 2015, the Company had accounts payable and advances payable of $951,260 and $18,871, respectively (September 30, 2015 – $1,118,089 and $18,871, respectively). All accounts payable and advances payables are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash and cash equivalents and term deposits. The Company is not exposed to significant other price risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents and accounts payable and accrued liabilities are partly held in US dollars ("USD"); therefore, USD accounts are subject to fluctuation against the Canadian dollar.

20. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

The Company had the following balances in Canadian and foreign currencies as at December 31, 2015:

As at December 31, 2015

	in CAD	in USD
Cash	$ 295,792	$ 2,441
Cash held in trust	5,304	-
Marketable securities	49,000	-
Amounts receivable	38,353	1,301
Accounts payable and accrued liabilities	(559,349)	(278,346)
Advances payable	(18,871)	-
	(189,771)	**(274,603)**
Rate to convert to $1.00 CAD	1.000	1.4080
Equivalent to Canadian dollars	**(189,771)**	**(386,641)**

Based on the above net exposures as at December 31, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD by 10% would increase/ decrease profit or loss by $38,641.

21. SEGMENTED INFORMATION

The Company has one reportable operating segment of producing, licensing and marketing proprietary ingredients and formulas for use in the BioPharma, Nutraceutical, Cosmetic and Animal Nutrition markets. Non-current assets (other than financial instruments) by geographic location are as:

	Canada	US	Total
As at December 31, 2015			
Property and equipment	$ 186,093	$ -	**$ 186,093**
Intangible assets	1,017,808	63,785	**1,081,593**
Other assets	2,000	-	**2,000**
	$ 1,205,901	**$ 63,785**	**$ 1,269,686**
As at September 30, 2015			
Property and equipment	$ 162,872	$ 3,236	**$ 166,108**
Intangible assets	1,032,645	63,785	**1,096,430**
Other assets	2,000	-	**2,000**
	$ 1,197,517	**$ 67,021**	**$ 1,264,538**

22. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2015:

- A total of 25,000 common shares were issued to the Company's directors and officers for the services provided to the Company.

- A total of 805,556 common shares were issued to the Company's consultants for the services provided to the Company.

- Subsequent to the period ended December 31, 2015, the Company reached to a settlement with one of its creditors to pay total owing amount of $38,844, consisting of $15,000 in cash and 397,400 in common shares .The share were issued on January 25, 2016.

- Subsequent to the period ended December 31, 2015, the Company reached a settlement with one of its creditors to pay total owing amount of $80,252, with the issuance of 1,000,000 common shares and 1,000,000 share purchase warrants of the Company. The warrants are exercisable until February 15, 2019 at a price of $0.05 per share.

- On February 19, 2016, the Company issued 750,000 stock options to a consultant of the Company. The stock options are exercisable at a price of $0.055 per share for a period of two years and shall vest in accordance with the Company's stock option plan.