Aphria Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016 and FEBRUARY 28, 2015

(Unaudited, expressed in Canadian Dollars, unless otherwise noted)

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 accompanying condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

	Note	February 29, 2016	May 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		$12,053,547	$ 7,051,909
Accounts receivable		2,268,676	--
Other receivables	5	133,683	759,528
Inventory	6	1,828,912	1,724,247
Biological assets	7	436,521	288,858
Prepaid assets		306,036	167,270
Current portion of promissory notes receivable	10	451,851	346,255
		17,479,226	10,338,067
Capital assets	8	7,161,245	3,626 161
Intangible assets	4,9	4,415,479	74,598
Promissory notes receivable	10	164,151	253,745
Long-term investments		50,000	--
		$ 29,270,101	$ 14,292,571
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,611,151	$ 947,223
Shareholders' equity			
Share capital	12	34,581,407	20,246,095
Warrants	13	1,034,003	556,589
Share-based payment reserve	14	1,666,668	1,261,589
Deficit		(9,623,128)	(8,718,925)
		27,658,950	13,345,348
		$ 29,270,101	$ 14,292,571

Nature of operations (Note 1)
Commitments (Note 16)
Subsequent events (Note 18)

Approved on behalf of the Board

"John Cervini"
Signed: Director

"Cole Cacciavillani"
Signed: Director

Aphria Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

	Note	For the three months ended February 2016	For the three months ended February 2015	For the nine months ended February 2016	For the nine months ended February 2015
Revenue		$ 2,679,898	$ 51,540	$ 5,657,613	$ 51,540
Cost of sales:					
Cost of goods sold, net		591,204	(95,979)	1,401,641	(95,979)
Amortization	8,9	120,646	112,123	342,905	220,833
Pre-distribution growing costs		--	--	--	212,318
Net effect of unrealized changes in fair value of biological assets	7	84,823	(221,968)	42,033	(494,775)
		796,673	(205,824)	1,786,579	(157,603)
Gross profit		1,883,225	257,364	3,871,034	209,143
Expenses:					
General and administrative	17	711,153	357,819	1,641,987	1,480,707
Share-based compensation	14	145,748	162,664	405,079	1,157,411
Selling, marketing and promotion		907,287	181,270	2,488,537	391,802
Amortization	8,9	123,644	21,958	198,300	34,486
Research and development		79,155	--	220,406	--
		1,966,987	723,711	4,954,309	3,064,406
Loss from operations		(83,762)	(466,347)	(1,083,275)	(2,855,263)
Listing costs		--	(2,708,031)	--	(3,278,068)
Finance income		86,808	71,267	171,947	71,267
Gain on sale of capital assets		674	--	7,125	--
Net income (loss) and comprehensive income (loss)		$ 3,720	$ (3,103,111)	$ (904,203)	$ (6,062,064)
Weighted average number of common shares - basic		62,174,289	52,172,920	55,699,999	42,995,929
Weighted average number of common shares - diluted		84,798,131	69,934,932	75,259,294	52,631,620
Earnings (loss) per share – basic		$ 0.00	$ (0.06)	$ (0.02)	$ (0.14)
Earnings (loss) per share - diluted		$ 0.00	$ (0.06)	$ (0.01)	$ (0.14)

The accompanying notes are an integral part of these financial statements

Aphria Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited)

	Number of common shares	Share capital	Subscription receipts	Warrants	Share-based payment reserve	Deficit	Total
Balance at May 31, 2014	26,666,667	$ 2,500	$ --	$ --	$ --	$ (2,175,481)	$ (2,172,981)
Shares issued, net of issuance costs	10,346,253	5,535,748	--	216,261	--	--	5,752,009
Conversion of due to related parties	1,666,667	1,000,000	--	--	--	--	1,000,000
Subscription receipts, net of issuance costs	11,500,000	11,177,847	--	340,328	--	--	11,518,175
Shares retained by Black Sparrow shareholders	2,300,000	2,530,000	--	--	--	--	2,530,000
Share-based payments	--	--	--	--	1,157,411	--	1,157,411
Net loss for the period	--	--	--	--	--	(6,062,064)	(6,062,064)
Balance at February 28, 2015	52,479,587	$ 20,246,095	$ --	$ 556,589	$ 1,157,411	$ (8,237,545)	$ 13,722,550

	Number of common shares	Share capital	Subscription receipts	Warrants	Share-based payment reserve	Deficit	Total
Balance at May 31, 2015	52,479,587	$ 20,246,095	$ --	$ 556,589	$ 1,261,589	$ (8,718,925)	$ 13,345,348
Warrants exercised	58,333	70,000	--	--	--	--	70,000
Share issued on Bought Deal	8,846,370	9,922,696	--	477,414	--	--	10,400,110
Share issued on Cannway Purchase	3,600,000	4,342,616	--	--	--	--	4,342,616
Share-based payments	--	--	--	--	405,079	--	405,079
Net loss for the period	--	--	--	--	--	(904,203)	(904,203)
Balance at February 29, 2016	64,984,290	$ 34,581,407	$ --	$ 1,034,003	$ 1,666,668	$ (9,623,128)	$ 27,658,950

The accompanying notes are an integral part of these financial statements

	Note	Nine months ended February 29, 2016	Nine months ended February 28, 2015
Cash used in operating activities:			
Net loss for the period		$ (904,203)	$ (6,062,064)
Adjustments for:			
Amortization	8,9	541,205	255,319
Gain on sale of capital assets		(7,125)	--
Share-based compensation	14	405,079	1,157,411
Change in fair value of biological assets	7	42,033	(494,775)
Non-cash listing costs		--	2,468,020
Change in non-cash working capital			
Accounts receivable		(2,297,112)	--
Other receivables		651,940	(615,367)
Inventory		(146,698)	(407,674)
Biological assets		(147,663)	(375,689)
Prepaid assets		(138,766)	(126,766)
Accounts payable and accrued liabilities		666,269	(384,492)
		(1,335,041)	(4,586,077)
Cash provided by financing activities:			
Share capital issued, net of cash issuance costs		10,384,726	17,270,184
Advances from related parties	11	885,269	420,534
Repayment of amounts due to related parties	11	(885,269)	(2,211,129)
		10,384,726	15,479,589
Cash used in investing activities:			
Investment in capital assets	8	(3,991,459)	(1,792,824)
Investment in intangible assets, net of share capital issued	9	(27,156)	(107,995)
Proceeds from disposal of capital assets		36,570	--
Issuance of promissory notes receivable	10	(200,000)	--
Repayment of promissory notes receivable	10	183,998	--
Net cash acquired in reverse takeover		--	79,188
Long term investment in third party		(50,000)	--
		(4,048,047)	(1,821,631)
Increase (decrease) in cash and cash equivalents		5,001,638	9,071,881
Cash and cash equivalents, beginning of period		7,051,909	170,455
Cash and cash equivalents, end of period		$ 12,053,547	$ 9,242,336

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Aphria Inc. (the "Company" or “Aphria”) was incorporated under the Business Corporations Act (Alberta) on June 22, 2011 as Black Sparrow Capital Corp. (“Black Sparrow”) and was continued in Ontario on December 1, 2014.

Pure Natures Wellness Inc. doing business as Aphria (“PNW”), a wholly-owned subsidiary of the Company, is licensed to produce and sell medical marijuana under the provisions of the *Marihuana for Medical Purposes Regulations* (“MMPR”). The registered office is located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario.

The Company’s common shares are listed under the symbol “APH” on the TSX Venture Exchange (“TSX-V”).

On December 2, 2014, the Company closed its qualifying transaction with PNW. The Company was a capital pool company prior to the transaction. The transaction was accounted for as a reverse acquisition.

These financial statements were approved by the Company’s board of directors on April 20, 2016.

2. Basis of preparation

(a) Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended May 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as detailed in the Company’s accounting policies.

(c) Functional currency

The Company and its subsidiary’s functional currency, as determined by management is Canadian dollars. These financial statements are presented in Canadian dollars.

3. Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended May 31, 2015.

The Company has reclassified certain items on the statement of loss and comprehensive loss to improve clarity.

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements.

Amendments to IAS 16 - Property Plant and Equipment and IAS 41 - Agriculture - The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

The Company is assessing the impact of these new and revised standards.

4. Disclosure of Business Transaction

Effective January 13, 2016, Aphria acquired 100% of the issued and outstanding shares of Cannway Pharmaceuticals Inc. ("Cannway"). Cannway provides support services to veteran and first responders in the form of medical consultations, group therapy, and rehabilitation.

Pursuant to the acquisition, Aphria issued 3,600,000 common shares at $1.23 per share to the former shareholders of Cannway, of which 1,800,000 shares are being held in escrow and will be either (i) released to the former shareholders of Cannway, based on the achievement of certain operating metrics or (ii) released to the company for cancellation, if the operating metrics are not achieved by December 31, 2018.

The shares held in escrow are recorded as equity and will be continuously evaluated and adjusted based on the probability of the operating metrics being achieved, as of February 29th 2016 management expects 100% of milestones to be achieved by December 31st 2018.

Purchase price allocation was as follows:

Net tangible assets acquired	$ --
Intangible asset – Cannway brand	4,428,000
Total purchase price recorded	**$ 4,428,000**

Net tangible assets acquired included the following:

Cash held in trust to fund liabilities outstanding at closing	$ 269,717
Accounts receivable	91,872
Accounts payable	(219,505)
HST payable	(58,107)
Income taxes payable	(83,977)

Net tangible assets acquired	**$ --**

The Cannway brand will be amortized over 10 years on a straight line basis. Amortization began in January 2016.

Acquisition costs of $10,375 have been expensed in the period under General and administrative. Costs of issuing equity of $85,384 have been applied against the fair value of the equity issued at the time of the acquisition.

The purchase price allocation relating to the acquisition is not yet finalized and the allocation of the price to the various assets acquired is subject to change.

5. Other receivables

Other receivables are comprised of:

	February 29, 2016	May 31, 2015
HST (payable) receivable	$ (249)	$ 657,041
Accrued interest	77,657	58,965
Credit card receivable	51,819	30,634
Other	4,456	12,888
	$ 133,683	$ 759,528

6. Inventory

Inventory is comprised of:

	February 29, 2016	May 31, 2015
Harvested cannabis	$ 1,733,176	$ 1,655,259
Packaging and supplies	95,736	68,988
	$ 1,828,912	$ 1,724,247

7. Biological assets

Biological assets are comprised of:

	Amount
Balance as at May 31, 2015	$ 288,858
Increase in fair value less costs to sell due to biological transformation	4,149,496
Transferred to inventory upon harvest	(3,991,784)
Sale of biological assets	(10,049)
Balance as at February 29, 2016	**$ 436,521**

The net effect of the fair value less cost to over and above historical cost was a decrease in non-cash value of inventory of $84,823 and $42,033 during the three and nine months ended February 29, 2016 (2015 – increase of $221,968 and $494,775) respectively. In determining the fair value of biological assets, management is required to make a number of estimates, including the expected cost required to grow the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, and expected yields for the cannabis plant. These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

8. Capital assets

	Production Equipment	Office equipment	Leasehold improvements	Construction in process	**Total capital assets**
Cost					
At May 31, 2014	$ 686,549	$ 32,002	$ 862,927	$ --	**$ 1,581,478**
Additions	539,818	191,642	1,368,685	304,701	**2,404,846**
At May 31, 2015	1,226,367	223,644	2,231,612	304,701	**3,986,324**
Additions	535,970	303,444	63,979	3,088,066	**3,991,459**
Disposals	(35,896)	--	--	--	**(35,896)**
At February 29, 2016	**$ 1,726,441**	**$ 527,088**	**$ 2,295,591**	**$ 3,392,767**	**$ 7,941,887**
Accumulated amortization					
At May 31, 2014	$ 8,725	$ 1,241	$ 2,716	--	**$ 12,682**
Amortization	139,584	23,310	184,587	--	**347,481**
At May 31, 2015	148,309	24,551	187,303	--	**360,163**
Amortization	158,081	84,025	184,824	--	**426,930**
Disposals	(6,451)	--	--	--	**(6,451)**
At February 29, 2016	**$ 299,939**	**$ 108,576**	**$ 372,127**	$ --	**$ 780,642**
Net book value					
At May 31, 2014	$ 677,824	$ 30,761	$ 860,211	**$ --**	**$ 1,568,796**
At May 31, 2015	$ 1,078,058	$ 199,093	$ 2,044,309	$ 304,701	**$ 3,626,161**
At February 29, 2016	**$ 1,426,502**	**$ 418,512**	**$ 1,923,464**	**$ 3,392,767**	**$ 7,161,245**

9. Intangible Assets

	Other intangibles	Cannway brand	**Total intangible assets**
Cost			
At May 31, 2014	$ --	$ --	**$ --**
Additions	107,995	--	**107,995**
At May 31, 2015	107,995	--	**107,995**
Additions	27,156	4,428,000	**4,455,156**
At February 29, 2016	**$ 135,151**	**$ 4,428,000**	**$ 4,563, 151**
Accumulated amortization			
At May 31, 2014	$ --	$ --	**$ --**
Amortization	33,397	--	**33,397**
At May 31, 2015	33,397	--	**33,397**
Amortization	40,475	73,800	**114,275**
At February 29, 2016	**$ 73,872**	**$ 73,800**	**$ 147,672**
Net book value			
At May 31, 2014	$ --	**$ --**	**$ --**
At May 31, 2015	$ 74,598	**$ --**	**$ 74,598**

At February 29, 2016	$ 61,279	$ 4,354,200	$ 4,415,479

10. Promissory notes receivable

	May 31, 2015	Additions	Payments	Feb. 29, 2016
Note receivable - $100,000, bearing interest at prime + 3%, one-year term, due in March 2017	$ 100,000	$ --	$ --	$ 100,000
Note receivable - $500,000, bearing interest at 3%, repayable in 24 equal blended monthly instalments, due in May 2017	500,000	--	183,998	316,002
Note receivable - $100,000, non-interest bearing, one-year term, due in July 2016	--	100,000	--	100,000
Note receivable - $100,000, non-interest, one-year term, due in September 2016	--	100,000	--	100,000
	$ 600,000	$ 200,000	$ 183,998	616,002

Presented as:

	February 29, 2016	May 31, 2015
Current portion	$ 451,851	$ 346,255
Long-term portion	164,151	253,745
	$ 616,002	$ 600,000

11. Related party transactions

Prior to going public, the Company funded operations through the support of related parties. Since going public, the Company has continued to leverage the purchasing power of these related parties for certain of its growing related expenditures. The balance owing to related parties as at February 29, 2016 was $nil (May 31, 2015 - $nil). These parties are related as they are corporations that are controlled by certain officers and directors of the Company.

	Amount
Balance as at May 31, 2015	$ --
Related party charges in period	885,269
Payments to related parties in period	(885,269)

Balance as at February 29, 2016	**$ --**

During the nine months ended February 29, 2016, related party corporations charged or incurred expenditures on behalf of the Company (including rent) totalling $885,269 (2015 - $420,534). Included in this amount was rent of $135,383 charged during the nine months ended February 29, 2016 (2015 - $79,451).

Key management personnel compensation was comprised of:

	February 29, 2016	May 31, 2015
Salaries	**$ 474,129**	$ 418,077
Share-based compensation	**243,230**	864,270
	$ 717,359	$ 1,282,347

Directors of the Company control 33.4% of the voting shares of the Company.

12. Share capital

The Company is authorized to issue an unlimited number of common shares. As at February 29, 2016, the Company has issued 64,984,290 shares.

13. Warrants

The warrant details of the Company are as follows:

Type of warrant	Expiry date	Number of warrants	Weighted average price	Amount
Warrant	June 3, 2016	5,114,794	$ 1.20	$ --
Compensation warrant / option	December 2, 2016	802,268	$ 1.10	340,328
Compensation warrant / option	June 3, 2019	618,333	$ 0.60	216,261
Warrant	December 2, 2019	11,500,000	$ 1.50	--
Warrant	December 11, 2018	4,423,185	$ 1.75	--
Compensation warrant / option	December 11, 2017	530,782	$ 1.30	263,834
Compensation warrant / option	December 11, 2018	265,391	$ 1.75	213,580
Balance at February 29, 2016		**23,254,753**	**$ 1.44**	**$ 1,034,003**

14. Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire common shares of the Company. The maximum number of common shares reserved for issuance of stock options that may be granted under the plan is 10% of the issued and outstanding common shares of the Company. The options granted can be exercised for a maximum of 10 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than the market price of the common shares on the date of grant.

The option details of the Company are as follows:

Expiry date	Exercise price	Number of options	Vested and exercisable
November 2017	$ 1.10	480,000	325,000
December 2017	$ 1.10	940,000	213,120
March 2018	$ 0.90	205,000	25,000
April 2018	$ 1.18	155,000	5,000
August 2018	$ 0.93	10,000	10,000
October 2018	$ 1.17	20,000	6,667
November 2018	$ 1.49	20,000	20,000
December 2018	$ 1.26	195,000	195,000
June 2019	$ 0.60	2,600,000	2,600,000
August 2019	$ 1.10	50,000	50,000
September 2020	$ 0.85	200,000	200,000
October 2020	$ 1.19	50,000	50,000
Balance at February 29, 2016	$ 0.83	4,925,000	3,699,787

The Company recognized a share-based compensation expense of $405,079 during the nine months ended February 29, 2016 (2015 - $1,157,411). The total fair value of options granted during the period was $282,040 (2015 - $1,707,891).

	February 29, 2016		February 28, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	4,520,000	$ 0.81	--	--
Expired during the period	--	--	--	--
Issued during the period	515,000	1.08	4,150,000	$ 0.79
Cancelled during the period	(110,000)	1.08	--	--
Outstanding, end of period	4,925,000	$ 0.83	4,150,000	$ 0.79
Exercisable, end of period	3,699,787	$ 0.75	--	$ --

In December 2015, the Company issued 195,000 stock options at an exercise price of $1.26 per share, exercisable for 3 years to employees and directors. The options vested fully in December 2015.

The Company used the Black Scholes option pricing model to determine the fair value of options granted using the following assumptions: risk-free rate of 0.44% on the date of grant; expected life of 3 & 5 years; volatility of 70% based on comparable companies; forfeiture rate of nil; dividend yield of nil; and, exercise price of the respective options.

15. Financial risk management and financial instruments

Financial instruments

The Company has classified its cash and cash equivalents as fair value through profit or loss, accounts receivable and other receivables and promissory notes receivable as loans and receivables, and accounts payable and accrued liabilities and amounts due to related parties as other financial liabilities.

The carrying values of other receivables, promissory notes receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and cash equivalents are Level 1. The hierarchy is summarized as follows:

Level 1	quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2	inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3	inputs for assets and liabilities not based upon observable market data

Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk; and, liquidity risk.

(a) Credit risk

The maximum credit exposure at February 29, 2016 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. All cash and cash equivalents are placed with major Canadian financial institutions.

(b) Liquidity risk

As at February 29, 2016, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at February 29, 2016, management regards liquidity risk to be low.

(c) Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at February 29, 2016, the Company has not entered into any debt financing. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its cash and cash equivalents as capital.

16. Commitments

The Company has a lease commitment until December 31, 2018 for the rental of greenhouse and office space from a related party. The Company has an option to extend this lease for two additional 5 year periods. The Company has a lease commitment until March 2019 for the rental of a motor vehicle in the amount of $20,228 annually. Minimum payments payable over the next five years are as follows:

	Fiscal year ending May 31,
2016	$ 63,225
2017	252,901
2018	252,901
2019	152,584
	$ 721,611

17. General and administrative expenses

	For the three months ended February		For the nine months ended February	
	2016	2015	**2016**	2015
Executive compensation	**$ 201,634**	$ 119,977	**$ 456,129**	$ 538,054
Consulting fees	**7,026**	26,260	**34,313**	366,280
Office and general	**202,186**	116,467	**426,243**	175,385
Professional fees	**128,577**	11,425	**264,158**	188,728
Salaries and wages	**118,110**	22,910	**269,579**	59,340
Travel and accommodation	**43,842**	57,940	**159,204**	65,242
Rent	**9,778**	2,840	**32,361**	87,678
	$ 711,153	$ 357,819	**$ 1,641,987**	$ 1,480,707

18. Subsequent events

Subsequent to the end of the quarter, the Company announced that it had entered into a Purchase Agreement to acquire 9 acres of greenhouses, situated on 36 acres of property, known as 265 Talbot Street West in Leamington, Ontario. The purchase price for the land, greenhouse and ancillary equipment was $6.5 million and is considered a non-arm's length transaction because the vendor is a director and officer of the Company. $3.25 million of the purchase price is payable in cash on closing, anticipated to be June 30, 2016, and the remainder will be paid as a vendor take-back mortgage, bearing interest at 6.75% per annum, with a 5-year term and amortization. The Company maintains a right of first refusal to acquire an additional acre of property, known as 243 Talbot Street West, in Leamington, Ontario. The vendor maintains a put option on the same property valued at $ 1 million, subject to annual inflationary adjustments equal to the increases in the Consumer Price Index, which put option can only be exercised on upon certain operating metrics being achieved.

Subsequent to the end of the quarter, shareholders of the Company exercised 753,333 warrants, 802,268 compensation warrants / options, through a number of individual transactions. As part of those transactions, the Company received $1,800,000 in cash and issued 802,268 warrants. The warrants issued were attached to the compensation warrants / options and were issued with an exercise price of $1.50, expiring on December 2, 2019.

Subsequent to the end of the quarter, the Company granted 50,000 stock options to an employee and a consultant of the Company. The stock options were issued at $1.67