MAPLE LEAF GREEN WORLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2017

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

Notice to Reader of the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2017

The unaudited condensed consolidated interim financial statements of Maple Leaf Green World Inc. (the "Company") for the three months ended March 31, 2017 ("Financial Statements") have been prepared by management and have not been reviewed by the Company's independent auditor. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016 which are available on the SEDAR website at www.sedar.com.

MAPLE LEAF GREEN WORLD INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

[unaudited - Expressed in Canadian dollars except share data]

	Notes	Three months ended March 31, 2017	2016
Revenue			
Consulting fees		**$ 99,825**	$ -
Leasing fees		**119,790**	-
		219,615	-
Operating expenses			
Share-based compensation	6(c)	**80,664**	-
Professional fees		**24,986**	6,005
Management remuneration		**30,000**	22,500
Consulting fees		**66,717**	54,308
Office		**53,467**	26,113
Shareholder infromation and promotion		**88,113**	574
Rent		**12,872**	12,260
Filing and transfer agent		**12,683**	13
Travel and promotion		**5,360**	839
Meals and entertainment		**10,045**	2,580
Interest and bank charges	5	**2,538**	2,412
Telephone		**1,299**	1,694
Foreign exchang (gain)		**(1,611)**	(17,922)
Property tax		**2,803**	-
Depreciation and amortization		**4,684**	181
		394,620	111,557
Loss before other items		**(175,005)**	**(111,557)**
Other items			
Other income	12	**9,296**	6,787
Loss for the period		**$ (165,709)**	$ (104,770)
Other comprehensive income			
Foreign currency translation adjustment, net of tax of $nil		**(3,687)**	7,438
Total comprehensive loss		**$ (169,396)**	$ (112,208)
Loss per share, basic and diluted		**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding - basic and diluted		**113,596,834**	105,296,427

MAPLE LEAF GREEN WORLD INC.
Condensed Consolidated Interim Statements of Financial Position
[Unaudited - Expressed in Canadian dollars]

	Notes		**March 31, 2017**		December 31, 2016
ASSETS					
Current assets					
Cash		**$**	**3,346,099**	$	666,463
GST receivable			**11,303**		11,297
Other receivable			**490,032**		250,486
Prepaids			**13,253**		13,253
			3,860,687		941,499
Deposits	3		**1,235,687**		68,270
Property, plant and equipment	4		**312,874**		317,571
Total assets		**$**	**5,409,248**	$	1,327,340
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**157,387**	$	224,459
Interest payable	5		**2,854**		5,023
Sub-lease deposits	12		**11,146**		11,146
			171,387		240,628
Notes Payable	5		**139,755**		140,984
Total liabilities			**311,142**		381,612
Equity					
Share capital	6		**11,572,578**		11,135,578
Share susbcriptions	6(b)		**3,860,110**		-
Other reserves			**5,606,078**		5,581,414
Accumulated oter comprehensive income			**35,490**		39,177
Deficit			**(15,976,150)**		(15,810,441)
			5,098,106		945,728
Total liabilities and equity		**$**	**5,409,248**	$	1,327,340

Commitments and contingencies (Note 12)

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai
Director

(signed) Daniel Chu
Director

MAPLE LEAF GREEN WORLD INC.
Condensed Consolidated Interim Statements of Changes in Equity (Deficit)
[Unaudited - Expressed in Canadian dollars]

	Share capital			Other Reserves					
	Number of common shares	Amounts	Share susbcriptions	Share-based payments reserve	Warrant reserve	Total - other reserves	Accumulated other comprehensive income	Deficit	Total equity
At January 1, 2016	**121,447,261**	**11,135,578**	**$ -**	**$5,242,614**	**$ 338,800**	**$5,581,414**	**$ 39,177**	**$ (15,810,441)**	**$ 945,728**
Other comprehensive inome	**-**	**-**	**-**	-	-	**-**	**(3,687)**	**-**	**(3,687)**
Loss for the period	**-**	**-**	**-**	-	-	**-**	**-**	**(165,709)**	**(165,709)**
Revualtion of fair value of options	**-**	**-**	**-**	80,664	-	**80,664**	**-**	**-**	**80,664**
Shares issued upon warrant exercised	**4,210,000**	**437,000**	**-**	-	(56,000)	**(56,000)**	**-**	**-**	**381,000**
Private placements	**-**	**-**	**3,860,110**	-	-	**-**	**-**	**-**	**3,860,110**
At March 31, 2017	**125,657,261**	**$ 11,572,578**	**$ 3,860,110**	**$5,323,278**	**$ 282,800**	**$5,606,078**	**$ 35,490**	**$ (15,976,150)**	**$ 5,098,106**

	Share capital			Other Reserves					
	Number of common shares	Amounts	Share susbcriptions	Share-based payments reserve	Warrant reserve	Total - other reserves	Accumulated other comprehensive income	Deficit	Total equity
At January 1, 2016	105,296,427	$ 9,428,789	$ -	$4,519,742	$ 221,500	$4,741,242	$ 10,047	$ (14,317,701)	$ (137,623)
Other comprehensive inome	-	-	-	-	-	-	(17,485)	-	(17,485)
Loss for the period	-	-	-	-	-	-	-	(104,770)	(104,770)
As at March 31, 2016	105,296,427	$ 9,428,789	$ -	$4,519,742	$ 221,500	$4,741,242	$ (7,438)	$ (14,422,471)	$ (259,878)
Other comprehensive inome	-	-	-	-	-	-	46,615	-	46,615
Loss for the period	-	-	-	-	-	-	-	(1,387,970)	(1,387,970)
Options granted	-	-	-	864,436	-	864,436	-	-	864,436
Shares issued upon option exercised	1,500,000	291,564	-	(141,564)	-	(141,564)	-	-	150,000
Shares issued upon warrant exercised	8,380,000	877,200	-	-	(62,700)	(62,700)	-	-	814,500
Shares issued for debt	270,834	121,875	-	-	-	-	-	-	121,875
Units issued, net of share issuance costs	6,000,000	416,150	-	-	180,000	180,000	-	-	596,150
As at December 31, 2016	121,447,261	$ 11,135,578	$ -	$5,242,614	$ 338,800	$5,581,414	$ 39,177	$ (15,810,441)	$ 945,728

MAPLE LEAF GREEN WORLD INC.

Condensed Consolited Interim Statements of Cash Flows

[Unaudited - Expressed in Canadian dollars]

	Three months ended March 31,	
	2017	2016
OPERATING ACTIVITIES		
Loss for the year	**$ (166,795)**	$ (104,770)
Items not affecting cash:		
Depreciation and amortization	**4,684**	181
Interest expenses	**2,056**	-
Interest paid	**(4,170)**	1,545
Stock based expenses	**80,664**	-
	(83,561)	(103,044)
Changes in non cash working capital		
GST receivable	**(6)**	-
Other receivables	**(240,585)**	11,056
Accounts payable and accrued liabilities	**(67,115)**	146,433
	(307,706)	157,489
Cash flows from (used) in operating activities	**(391,267)**	54,445
INVESTING ACTIVITY		
Payment for property , plant and equipment	**(2,770)**	(101,996)
Deposits paid	**(1,167,417)**	-
Cash flows used in investing activity	**(1,170,187)**	(101,996)
FINANCING ACTIVITIES		
Common share unit subscription	**3,860,110**	-
Proceeds from warrant exercised	**381,000**	-
Cash flows from financing activities	**4,241,110**	-
Foreign exchange effect	**(20)**	(26,609)
Net increase (decrease) in cash	**2,679,636**	(47,551)
Cash, beginning of period	**666,463**	190,840
Cash, end of period	**$ 3,346,099**	$ 116,680

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf" or the "Company") is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol MGW.V. The corporate office is located at 2916B 19 Street NE, Calgary, Alberta. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

In order to develop its medical marijuana business in the United States of America, the Company set up a wholly-owned subsidiary, Golden State Green World LLC, in California, the United States of America ("USA") in 2015. In March 2017, the Company set up an another wholly-owned subsidiary, SSGW LLC, in Nevada, USA.

Maple Leaf, along with its subsidiary (collectively the "Company"), is currently exploring opportunities for its eco-agriculture nursery business, including medical marijuana in Canada and USA, and its renewable energy business in China. To date, the Company has not yet generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 29, 2017.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016.

b) Basic of Consolidation

These unaudited condensed consolidated interim statements include the accounts of Maple Leaf and its wholly-owned subsidiary, Golden State Green World LLC, incorporated in California, USA in 2015. All significant inter-company balances and transactions have been eliminated upon consolidation.

c) Basis of Measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these consolidated financial statements is presented in Canadian dollars, except as otherwise stated.

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2016.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 4 to the Company's financial statements for the year ended December 31, 2016.

These financial statements have assumed that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation, and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

d) Accounting standards issued but not yet in effect

The accounting standards and interpretations that are issued but not yet effective listed below are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard and amendments on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of analyzing IFRS 15 and determining the effect on our consolidated financial statements as a result of adopting this standard.

IFRS 16 Leases

IFRS 16 was issued by the IASB in January 2016 and will replace IAS 17 *Leases* and related interpretations. IFRS establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating of finance. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted if IFRS 15 has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company is in the process of analyzing IFRS 16 and determining the effect on our consolidated financial statements as a result of adopting this standard.

3. DEPOSITS

In 2016, the Company entered into Letter of Intent (“LOI”) with BioNeva Innovations of Henderson LLC (“BioNeva”) to purchase 100% of MME Cultivation Permit No.C116 at Henderson for US$500,000. Upon execution of the LOI, a deposit of US$50,000 (CAD$68,270) was paid to BioNeva. The remaining US$450,000 will be payable to BioNeva at the time of Transfer of Application submittal to the State of Nevada. As at March 31, 2017, the Transfer of Application has not yet submitted to the State of Nevada.

In January 2017, the Company entered into a formal purchase agreement to purchase approximately four acres of land in Henderson, Nevada for US$875,000. During the three months ended March 31, 2017, the Company paid $1,167,417 for the land and recorded the payment as deposit on the consolidated statements of financial position as the title of the land was not yet transferred to the Company as at March 31, 2017.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Costs	Funiture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
As at December 31, 2015	$ 5,254	$ 14,107	$ 77,554	$ -	$ -	$ 146,760	$ 243,675
Additions	9,910	-	70,730		2,815	-	83,455
Transfer	-	-	(144,966)	70,730	74,236	-	-
Foreign translation impact	134	-	(3,318)	955	1,042	14,364	13,177
As at December 31, 2016	$ 15,298	$ 14,107	$ -	$ 71,685	$ 78,093	$ 161,124	$ 340,307
Additions	-	2,770	-	-	-	-	2,770
Foreign translation impact	(88)	-	-	(625)	(681)	(1,404)	(2,798)
As at March 31, 2017	**$ 15,210**	**$ 16,877**	**$ -**	**$ 71,060**	**$ 77,412**	**$ 159,720**	**$ 340,279**

Accumulated depreciation	Funiture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
As at December 31, 2015	$ 5,133	$ 12,745	$ -	$ -	$ -	$ -	$ 17,878
Depreciation and amortization	781	323	-	1,769	1,926	-	4,799
Foreign translation impact	9	-	-	24	26	-	59
As at December 31, 2016	$ 5,923	$ 13,068	$ -	$ 1,793	$ 1,952	$ -	$ 22,736
Depreciation and amortization	660	333	-	1,767	1,924	-	4,684
Foreign translation impact	(4)	-	-	(6)	(5)	-	(15)
As at March 31, 2017	**$ 6,579**	**$ 13,401**	**$ -**	**$ 3,554**	**$ 3,871**	**$ -**	**$ 27,405**

Net book value	Funiture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
As at December 31, 2016	$ 9,375	$ 1,039	$ -	$ 69,892	$ 76,141	$ 161,124	$ 317,571
As at March 31, 2017	**$ 8,631**	**$ 3,476**	**$ -**	**$ 67,506**	**$ 73,541**	**$ 159,720**	**$ 312,874**

5. NOTES PAYABLE

In 2015, the Company's wholly-owned subsidiary, Golden State, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of US$120,000. The Company paid US$15,000 in cash and issued a promissory note in the amount of US$105,000 secured by a Deed of Trust to an unrelated party and a member of key management with each individual having an undivided 50% interest in the notes payable. The note bears interest at the rate of 6% per annum and matures on March 1, 2020.

As at March 31, 2017, the carrying value of the note payable is $139,755 (US$105,000) (December 31, 2016 - $140,984 (US$105,000)), and interest of $2,854 (US$2,144) (December 31, 2016 - $5,023 (US$3,758)) on the note payable remains outstanding. A summary of the notes payable is as follows:

	Notes payable	Interest on Notes payable	Total
Balance, December 31, 2015	$ 145,320	$ 5,201	$ 150,521
Interest incurred	-	8,459	8,459
Interest paid	-	(8,459)	(8,459)
Foreign exchange impact	(4,336)	2	(4,334)
Balance, December 31, 2016	140,984	5,203	146,187
Interest incurred	-	2,056	2,056
Interest paid	-	(4,170)	(4,170)
Foreign exchange impact	(1,229)	(235)	(1,464)
Balance, December 31, 2016	**$ 139,755**	**$ 2,854**	**$ 142,609**

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Private placements

In March 2017, the Company announced its intension to raise up to $6,000,000 in capital by way of a non-broker private placement. As of March 31, 2017, the Company received subscription of $3,860,110. The proposed private placement was subsequently amended and closed in May 2017. A total of 13,216,070 units ("Units") was issued at a price of $0.55 per Unit for gross proceeds of $7,268,838.50. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.85 per share until May 4, 2019. Finder's fee of $194,904 was paid in connection of this private placement.

In September 2016, the Company issued 83,333 common shares to a consultant to settle $37,500 in accounts payable. The Company also issued 187,500 common shares to a director and officer of the Company to settle $84,375 in vacation payable.

In May 2016, the Company closed a private placement of 6,000,000 units for gross proceeds of $600,000, of which $180,000 was allocated to the warrants issued. Each unit consists of one common share and one common share purchase warrant exercisable at a price of $0.15 for a period of two years. A finder's fee of $3,850 was paid related to this private placement.

(c) Stock options

No options were granted during the three months ended March 31, 2017, a total of $80,664 share-based compensation expense was recorded (same period last year - $nil).

In April 2016, the Company granted a total of 7,900,000 options to directors and consultants of the Company at an exercise price of $0.10 per share; 500,000 options granted to two consultants vest in twelve months from the grant date, and the remaining vested immediately. The expiry date of the options granted is April 10, 2021.

In September 2016, the Company granted a total of 200,000 options vested immediately to a director and a consultant of the Company at an exercisable price of $0.24 per share. The expiry date of the options granted is September 27, 2021.

In November 2016, 320,000 options were granted to consultants of the Company at an exercise price of $0.80 per share; 20,000 options vested immediately, 250,000 options vest in three months and the remaining 50,000 options vest in six months, from the grant date. The expiry date of the options granted is November 6, 2019.

During the year ended December 31, 2016, a total of 1,500,000 options were exercised for gross proceeds of $150,000; $141,564 was transferred from share-based payment reserve on exercise of these warrants.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The following is a summary of option transactions:

	Number of options	Weighted average exercise price per option	
Balance, December 31, 2015	-	$	-
Options granted	8,420,000		0.13
Options exercised	(1,500,000)		0.10
Balance, December 31, 2016	6,920,000	$	0.13
Balance, March 31, 2017	**6,920,000**	**$**	**0.13**

As of March 31, 2017, the following stock options remained outstanding:

Expiry Date	Exercise Price		Number of options outstanding	Number of options exercisable
April 10, 2021	$	0.10	6,400,000	6,000,000
September 27, 2021	$	0.24	200,000	200,000
November 6, 2019	$	0.80	320,000	270,000
			6,920,000	**6,470,000**

(d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2017	**Issued**	**Exercised**	**Expired**	**Number of warrants outstanding as at March 31, 2017**	**Exercise price per warrant**		**Expiry date**
360,000	**-**	**(360,000)**	**-**	**-**	**$**	**0.100**	**February 24, 2017**
1,150,000	**-**	**-**	**-**	**1,150,000**	**$**	**0.100**	**April 8, 2018**
1,900,000	**-**	**(1,300,000)**	**-**	**600,000**	**$**	**0.075**	**April 9, 2017**
9,300,000	**-**	**(1,800,000)**	**-**	**7,500,000**	**$**	**0.075**	**November 16, 2017**
5,300,000	**-**	**(750,000)**	**-**	**4,550,000**	**$**	**0.150**	**May 24, 2018**
18,010,000	**-**	**(4,210,000)**	**-**	**13,800,000**			

Number of warrants outstanding as at January 1, 2016	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2016	Exercise price per warrant		Expiry date
2,600,000	-	(2,240,000)	-	360,000	$	0.100	February 24, 2017
2,300,000	-	(1,150,000)	-	1,150,000	$	0.100	April 8, 2018
3,650,000	-	(650,000)	(3,000,000)	-	$	0.150	September 2, 2016
3,840,000	-	(1,940,000)	-	1,900,000	$	0.075	April 9, 2017
11,000,000	-	(1,700,000)	-	9,300,000	$	0.075	November 16, 2017
	6,000,000	(700,000)	-	5,300,000	$	0.150	May 24, 2018
23,390,000	6,000,000	(8,380,000)	(3,000,000)	18,010,000			

In 2016, a total of 8,380,000 warrants were exercised for gross proceeds of $814,500, and $62,700 was transferred from warrant reserve to share capital on exercise of these warrants.

During the three months ended March 31, 2017, a total of 4,210,000 warrants were exercised for gross proceeds of $381,000, and $56,000 was transferred from warrant reserve to share capital on exercise of these warrants.

Subsequent to March 31, 2017, a total of 600,000 warrants were exercised for gross proceeds of $45,000.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the fair value of consideration paid. Related party transactions also disclosed in note 5, Notes Payable, above.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

	Three months ended March 31,			
		2017		2016
Shareholder infromation and promo	**$**	**30,000**	$	22,500
Consulting fee		**15,000**		9,000
Total	**$**	**45,000**	$	31,500

As at March 31, 2017, a total of $7,769 (December 31, 2016 - $18,633) payable to key management remained outstanding and is included in accounts payable and accrued liabilities on the consolidated statements of financial position. Amounts are non-interest-bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management. The Company's employment agreement with one officer would entitle that officer to compensation of $90,000 upon termination.

As at March 31, 2017, an amount of $459,703 (December 31, 2016 - $250,486) in other receivable is due from an entity, where a member of key management is also an officer, which consists of leasing fee of $239,580 (December 31-, 2016 - $119,232), consulting fee of $199,650 (December 31, 2016 - $99,360), and reimbursement expenditures of $20,473 (December 31, 2016 - $31,894) (also see note 10 below).

8. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its projects. The Company has no externally imposed capital requirements on the Company.

The capital of the Company consists of notes payable, convertible debentures and the items included in equity (deficiency). The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. 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. There have been no changes in the way the Company manages its capital during the three months ended March 31, 2017.

9. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company manages its exposure to key financial risk in accordance with the Company`s financial risk management framework. The objective of the framework is to protect the Company`s future financial security. The main risks that could adversely affect the Company`s financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk, which comprise foreign exchange rate risk, interest rate risk and other price risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. Currently, the Company does not apply any form of hedge accounting.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

(a) Fair value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair values of cash, accounts payable and accrued liabilities, and interest payable approximate their carrying amounts largely due to the short-term maturities of these instruments, and the fair value of the note payable approximates its face value as any interest arising from the notes payable is required to be paid to the security holder monthly.

The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company's financial assets and liabilities measured on recurring basis.

	March 31, 2017			December 31, 2016		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
Assets and liabilities measured at fair value						
Cash	**$ 3,346,099**	**$ -**	**$ -**	$ 666,463	$ -	$ -
Other receivable	**490,032**	**-**	**-**	250,486	-	-
Notes payable	**-**	**139,755**	**-**	-	140,984	-

There was no transfer between fair value levels during the reporting period.

(b) 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 is exposed to credit risk primarily associated to other receivable and cash. The carrying value of the financial assets represents the maximum credit exposure.

The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. The Company has not yet recognized any provision for other receivable as of March 31, 2017.

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at March 31, 2017, the Company has $3,346,099 cash on hand (December 31, 2016 - $666,463) and working capital of $3,689,300 (December 31, 2016 - $700,871).

Based on the contractual obligations of the Company as at March 31, 2017, cash outflows of those obligations are estimated and summarized as follows:

	Payment Due by Period			
	Less than 1 year	1 - 3 years	After 3 years	Total
Accounts payable and accrued liabilities	$ 157,387	$ -	$ -	$ 157,387
Interest payable	2,854	-	-	2,854
Notes payable	-	-	139,755	139,755
Lease rental obligations	20,384	-	-	20,384
	$ 180,625	**$ -**	**$ 139,755**	**$ 320,380**

(d) Market risk

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

(i) Interest rate risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

- To the extent that changes in prevailing market rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is exposed to interest rate price risk on its note payable which bears a fixed coupon rate of 6% per annum, as the prevailing market interest rate may differ from the interest rate of the debt. However, fluctuations in market rates would have to be significant to have a material effect on the Company's operations; therefore, the Company's exposure to interest rate cash flow risk on the note payable is minimal.

(ii) Currency risk

Canadian Dollar is the reporting currency of the Company and the functional currency for its corporate office in Canada while USD is the functional currency of its subsidiary in the United States. The Company is exposed foreign currency risk when the Company undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies.

The Company currently does not manage currency risk through hedging or other currency management tools. As at March 31, 2017, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents	**March 31, 2017**	December 31, 2016
Financial assats denominated in US dollars		
Cash	**$ 467,846**	$ 18,762
Other receivables	**459,703**	250,486
	$ 927,549	$ 269,248
Financial liabilities denominated in US dollars		
Interest payable	**$ 2,854**	$ 5,023
Notes payable	**139,755**	140,984
	$ 142,609	$ 146,007

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

As at March 31, 2017, with other variables unchanged, a 10% strengthening of the USD against the CAD would have decrease net loss by $46,619 (December 31, 2016 - $1,664) and increased other comprehensive income by $78,494 ($10,660).

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

10. ECONOMIC DEPENDENCE

The Company currently relies on a single customer, Emerald Farm Collective ("Emerald"), to generate its revenues. As a result, the Company is economically dependent on Emerald.

During the three months ended March 31, 2017, the Company generated leasing fees of $119,790 (same period last year - $nil) and consulting fees of $99,825 (same period last year - $nil). As at March 31, 2017, other receivable includes $490,032 due from Emerald (December 31, 2016 - $250,486).

11. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available that is evaluated regularly by the Company's Chief Executive Officer who is the Chief Operating Decision Maker ("CODM"). The operational segments are determined based on the Company's management and internal reporting structure. As at March 31, 2017, the Company has one reportable segment, being eco-agriculture and two geographical segments, being Canada and United States. Segment information is summarized as follows:

	March 31, 2017			December 31, 2016		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Current assets	**$ 3,399,330**	**$ 461,357**	**$ 3,860,687**	$ 688,890	$ 252,609	$ 941,499
Deposits	**1,235,687**	**-**	**1,235,687**	68,270	-	68,270
Property, plant and equipment	**3,476**	**309,398**	**312,874**	1,039	316,532	317,571
Total assets	**$ 4,638,493**	**$ 770,755**	**$ 5,409,248**	$ 758,199	$ 569,141	$ 1,327,340
Current liabilities	**$ 160,547**	**$ 10,840**	**$ 171,387**	$ 235,605	$ 5,023	$ 240,628
Notes payable	**-**	**139,755**	**139,755**	-	140,984	140,984
Total liabilities	**$ 160,547**	**$ 150,595**	**$ 311,142**	$ 235,605	$ 146,007	$ 381,612

	Three months ended March 13, 2017			Three months ended March 31, 2016		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Revenue	**$ -**	**$ 219,615**	**$ 219,615**	$ -	$ -	$ -
Operating expenses	**375,718**	**18,902**	**394,620**	63,497	48,060	111,557
Other expense (income)	**(9,296)**	**-**	**(9,296)**	(6,787)	-	(6,787)
Net income (loss)	**$ (366,422)**	**$ 200,713**	**$ (165,709)**	$ (56,710)	$ (48,060)	$ (104,770)

12. COMMITMENTS AND CONTINGENCIES

The Company has a lease with respect to its head office until October 31, 2017. The Company is required to pay basic monthly rent plus allocated operating charges and property tax. The basic monthly rent is as follows:

- $2,750 from November 1, 2014 to October 31, 2015

- $2,831 from November 1, 2015 to October 31, 2016
- $2,912 from November 1, 2016 to October 31, 2017

During the three months ended March 31, 2017, the Company recorded rent expenses of $12,872 (same period last year - $12,260).

The Company has sub-leased some office space to offset the costs of the lease. During the three months ended March 31, 2017, a total of $9,262 (same period last year - $6,787) sub-lease revenue was recorded as portion of other income. The deposits of $11,146 (December 31, 2016 - $11,146) collected from the sub-lease tenants are due on termination of the sub-lease agreement.