MARAPHARM VENTURES INC.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended September 30, 2016

(Prepared by management)

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Marapharm Ventures Inc. (the “Company”) have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the six months ended September 30, 2016 have not been reviewed or audited by the Company’s independent auditors. All amounts are stated in Canadian Dollars.

MARAPHARM VENTURES INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2016 $	March 31, 2016 $
Assets		
Current assets		
Cash	18,462	329,547
Amounts receivable	17,253	13,530
Prepaid expenses and deposits (Note 5)	1,154,687	45,271
Loan receivable (Note 6)	232,467	145,863
Total current assets	1,422,869	534,211
Non-current assets		
Intangible asset (Note 7)	854,707	1
Property and equipment (Note 8)	2,285,426	633,045
Total non-current assets	3,140,133	633,046
Total assets	4,563,002	1,167,257
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	207,819	402,898
Loan payable (Note 9)	17,136	16,025
Due to related parties (Note 10)	80,689	64,078
Total current liabilities	327,121	483,001
Non-current liabilities		
Loan payable (Note 9)	371,874	377,363
Total liabilities	677,518	860,364
Shareholders' equity		
Share capital	11,589,055	6,674,269
Share subscriptions received (Note 11)	-	443,000
Reserves (Notes 12 & 13)	994,817	1,121,515
Accumulated other comprehensive income	(16,522)	17,732
Deficit	(8,681,866)	(7,949,623)
Total shareholders' equity	3,885,484	306,893
Total liabilities and shareholders' equity	4,563,002	1,167,257

Nature of operations and continuance of business (Note 1)
Commitments (Note 14 and 19)
Subsequent events (Note 21)

Approved and authorized for issuance by the Board of Directors on November 29, 2016:

/s/ "Linda Sampson"
Linda Sampson, Director

/s/ "Corey Klassen"
Corey Klassen, Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

MARAPHARM VENTURES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $	Six months ended September 30, 2015 $	Six months ended September 30, 2015 $
Operating expenses				
Advertising and promotion	845	697	13,032	697
Consulting fees	218,014	83,130	355,925	251,268
Depreciation	1,991	472	3,982	812
General and administrative	21,994	10,262	25,091	13,953
Management and directors' fees (Note 10)	34,500	50,500	69,000	99,000
Professional fees	66,544	28,081	195,850	44,524
Project investigation Costs	106,429	-	186,763	-
Rent (Note 10)	61,967	39,391	106,155	78,771
Share-based compensation	-	302,069	-	826,069
Investor relations (Note 5)	13,158	17,980	24,010	176,178
Transfer agent and filing fees	17,946	23,273	28,017	38,088
Travel	472	-	472	-
Total expenses	543,860	555,855	1,008,297	1,529,360
Loss before other expense	(543,860)	(555,855)	(1,008,297)	(1,529,360)
Other expense				
Finance costs	(56,767)	-	(63,627)	-
Loss on settlement of debt	(3,774)	-	(3,774)	-
Total other expense	(60,541)	-	(67,401)	-
Net loss for the year	604,401	555,855	1,075,698	1,529,360
Other comprehensive income				
Foreign currency translation gain (loss)	(31,034)	-	(34,254)	-
Total comprehensive loss for the year	635,435	555,855	1,109,952	1,529,360
Loss per share, basic and diluted	0.01	0.015	0.03	0.04
Weighted average shares outstanding	47,194,537	35,427,611	44,124,747	35,388,370

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

MARAPHARM VENTURES INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars)

	Share capital		Share subscriptions received	Reserves	Obligation to issue shares	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$	$
Balance, March 31, 2015	35,348,698	5,747,656	–	–	–	–	(4,654,279)	1,093,377
Share-based payments	–	–	–	826,069	–	–	–	826,069
Obligation to issue shares	–	–	–	–	470,000	–	–	470,000
Shares issued for cash	1,100,000	374,000	-	33,000	–	–	–	407,000
Share issuance cost	110,000	–	–	–	–	–	–	–
Net loss for the year	–	–	–	–	–	–	(1,529,360)	(1,529,360)
Balance, September 30, 2015	36,558,698	6,121,656	–	859,069	470,000	–	(6,183,639)	1,267,086
Shares issued for cash	1,351,250	573,500	–	–	–	–	–	573,500
Obligation to issue shares	–	–	–	–	(470,000)	–	–	(470,000)
Share issuance costs	122,625	–	–	–	–	–	–	–
Fair value of warrants	–	(20,887)	–	20,887	–	–	–	–
Fair value of stock options	–	–	–	241,559	–	–	–	241,559
Share subscriptions received	–	–	443,000	–	–	–	–	443,000
Foreign currency translation gain	–	–	–	–	–	17,732	–	17,732
Net loss for the year	–	–	–	–	–	–	(1,765,984)	(1,765,984)
Balance, March 31, 2016	38,032,573	6,674,269	443,000	1,121,515	–	17,732	(7,949,623)	306,893
Shares issued for cash	16,323,750	3,264,750	(443,000)	–	–	–	–	2,821,750
Shares issued for services (note 14)	2,471,298	1,407,114	–	–	–	–	–	1,407,114
Share issuance costs (note 11)	489,000	(191,700)	–	–	–	–	–	(191,700)
Shares for Debt	288,702	211,526	–	–	–	–	–	211,526
Shares for purchase of license	1,072,813	439,853	–	–	–	–	–	439,853
Reclassification of grant date fair value on cancelled options	–	–	–	(343,455)	–	–	343,455	–
Fair value of finders' warrants	–	(216,757)	–	216,757	–	–	–	–
Foreign currency translation gain	–	–	–	–	–	(34,254)	–	(34,254)
Net loss for the year	–	–	–	–	–	–	(1,075,698)	(1,075,698)
Balance, September 30, 2016	58,678,136	11,589,055	–	994,817	–	(16,522)	(8,681,866)	3,885,484

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

MARAPHARM VENTURES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended September 30, 2016 $	Six months ended September 30, 2015 $
Operating activities		
Net loss for the year	(1,109,952)	(1,529,360)
Items not involving cash:		
Loss on settlement of debt	3,774	–
Depreciation	3,982	812
Share-based compensation	278,661	826,069
Consulting fees (note 14)	–	175,000
Changes in non-cash operating working capital:		
Amounts receivable	(3,723)	(13,571)
Prepaid expenses and deposits	19,037	(628,951)
Accounts payable	(125,079)	113,853
Due to related parties	16,611	(1,876)
Net cash used in operating activities	(916,689)	(1,058,024)
Investing activities		
Purchase of property and equipment	(1,656,363)	(12,164)
Purchase of intangible asset	(414,853)	(24,000)
Loan receivable net advances	(86,604)	310,000
Net cash used in investing activities	(2,157,820)	(273,826)
Financing activities		
Proceeds from loan payable	133,374	–
Proceeds from the issuance of common shares	2,821,750	407,000
Share subscriptions received	-	50,000
Share issuance costs	(191,700)	–
Net cash provided by financing activities	2,763,424	457,000
Change in cash	(311,085)	(327,188)
Cash, beginning of period	329,547	348,756
Cash, end of period	18,462	21,568

Supplemental Cash Flow Information (Note 16)

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

1. Nature of Operations and Continuance of Business

Marapharm Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007, under the name "0789189 B.C. Ltd." On March 5, 2012, the Company approved a Plan of Arrangement (the "Plan") with its parent company, Whitewater Resources Ltd., and became a reporting issuer. On May 21, 2013, the Company changed its name to "Capital Auction Market Inc." On August 1, 2014, the Company changed its name to "Marapharm Ventures Inc." On December 10, 2014, the Company acquired all the issued and outstanding shares of Marapharm Inc., a company that was established to enter into the emerging market of regulated medical marijuana, and has applied for a license with Health Canada. The Company's head office is located at 200 – 537 Leon Avenue, Kelowna, BC, V1Y 2A9.

These condensed consolidated interim financial statements (the "Financial Statements") have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from the carrying values as shown, and these Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

As at September 30, 2016, the Company has not generated any revenues from operations and has an accumulated deficit of $8,681,866 (March 31, 2016 - $7,949,623). The continuation of the Company as a going concern is dependent upon the continued financial support from its management, its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from future operations. These factors indicate the existence of a material uncertainty that may cast substantial doubt regarding the Company's ability to continue as a going concern.

2. Basis of Presentation

Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the fiscal year ended March 31, 2016, which have been prepared with International Financial Reporting Standards ("**IFRS**"). These Financial Statements were approved by the Company's Board of Directors on November 29, 2016.

These consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries (the "Group"), Marapharm Inc., Marapharm Washington LLC, and Marapharm Las Vegas LLC. All significant inter-company balances and transactions have been eliminated on consolidation.

Basis of measurement

These Financial Statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

2. Basis of Presentation (continued)

Functional and foreign currency

These Financial Statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rate of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

The results and financial position of all companies in the Group that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- Income statements and cash flow statements are translated at the average exchange rates prevailing during each reporting period; and
- Assets and liabilities are translated at the exchange rates prevailing at statement of financial position dates.

All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income.

Significant accounting estimates and judgments

The preparation of these Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These Financial Statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company reviews its estimates and underlying assumptions on an ongoing basis.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

- Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.
- Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

2. Basis of Presentation (continued)

Significant accounting estimates and judgments (continued)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

iii. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the intangible assets. The Company reviews its estimate of the useful life of depreciable assets at each reporting date.

iv. At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that the carrying amount is not recoverable. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down, and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount on intangibles does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies.

3. Significant Accounting Policies

These Financial Statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2016.

These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended March 31, 2016.

4. Recent Accounting Pronouncements

New Standards Recently Adopted

The Company has adopted the following new accounting standards and interpretations effective April 1, 2016. These changes were made in accordance with the applicable transitional provisions and had no material impact on its Financial Statements.

- **IFRS 7** *Financial Instruments* – The amendment clarifies the applicability of the amendments to IFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* to condensed consolidated interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

- **IAS 34** *Interim Financial Reporting* – The amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross-reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.

- **IAS 16 and 38** *Property, Plant and Equipment and Intangible Assets (Amendment)* – These new standards provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. These standards are effective for annual periods beginning on or after January 1, 2016.

New Standards Not Yet Effective

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its financial statements.

- **IFRS 9** *Financial Instruments* – This standard provides added guidance on the classification and measurement of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

- **IFRS 15** *Revenue from Contracts with Customers* – The standard covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning or after January 1, 2018.

- **IFRS 16** *Leases* – This standard was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. 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 or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

- **IAS 7** *Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)* – These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

(Expressed in Canadian dollars)

5. Prepaid Expenses and Deposits

	September, 30 2016 $	March 31, 2016 $
Prepaid expenses	1,128,453	15,918
Prepaid deposit	26,234	29,353
	1,154,687	45,271

(a) On May 7, 2015, the Company entered into a consulting agreement with an investor relations firm for a one year term and a fee of $35,000 per month. According to the agreement, the Company is required to issue 560,000 shares in advance, in lieu of cash payments of $420,000. This amount has been recognized as obligation to issue shares. During the six months ended September 30, 2016, the Company charged $nil (2015 - $175,000) to investor relations expenses.

(b) During September 2016, the Company entered into four separate marketing and consulting agreements with three companies that are beneficially owned and controlled by two shareholders of the Company who own an aggregate of 5.1% of the issued and outstanding common shares of the Company, each with a one-year term. During the six months ended September 30, 2016, the Company issued 2,151,298 common shares with a value of $1,167,114 included in prepaid expenses and deposits. During the six months ended September 30, 2016, $38,661 was charged to consulting expense (notes 11(d) and 14).

6. Loan Receivable

As at September 30, 2016, the Company had $232,467 (March 31, 2016 - $145,863) owing from a non-related party which is unsecured, non-interest bearing, and due on demand.

7. Intangible Assets

(a) On November 24, 2014, the Company entered into an agreement to acquire a formula to produce shampoo, conditioner, fragrances, and other hemp products. The purchase price is $50,000, with a deposit of $10,000 (paid) required upon the execution of the agreement and the remaining $40,000 due on or before September 24, 2015 (paid). During the year ended March 31, 2016, the Company recorded an impairment of $49,999, due to the uncertainty of future cash flows.

(b) In connection with the land purchase in Las Vegas, Nevada, on May 11, 2015, the Company was assigned an option to acquire the equity interests in a company that holds a provisional license to grow marijuana in tranches. The first tranche provides for an interest of 85% to be acquired for US$250,000 cash, with the option to be exercised by the option holder providing 14 days' notice along with the approval of the appropriate Nevada State agency having oversight over Nevada's medical marijuana program. The remaining 15% equity interest may be acquired for US$1,000,000 cash, which option may be exercised within two years following the first option exercise. This assigned option was determined to have a nominal value.

(c) On September 1, 2016, the Company completed the transaction contemplated in the February 11, 2016, agreement to acquire 75% of the shares of a company that owns two provisional medical marijuana licenses in the State of Nevada for a total purchase price of US$600,000. One license is for cultivation and the other license is for processing. US$300,000 was paid in cash and 1,072,813 shares were issued with a contract value of US$300,000. The fair value of the shares issued were recorded at the fair value of the shares $439,853 as of the transaction completion date.

(Expressed in Canadian dollars)

8. Property and Equipment

	Land and related license $	Leasehold improvements $	Furniture and equipment $	Roadway $	Total $
Cost:					
Balance, March 31, 2016	594,363	25,249	5,797	10,979	636,388
Additions	-	924,780	731,583	–	1,656,363
Balance, September 30, 2016	594,363	950,029	737,380	10,979	2,292,751
Accumulated Depreciation:					
Balance, March 31, 2016	–	1,141	1,127	1,075	3,343
Depreciation	–	2,524	468	990	3,982
Balance, September 30, 2016	–	3,665	1,595	2,065	7,325
Carrying Amounts:					
Balance, March 31, 2016	594,363	24,108	4,670	9,904	633,045
Balance, September 30, 2016	594,363	946,364	735,785	8,914	2,285,426

On August 17, 2016, the Company paid US$1,279,337 for the assets owned by Living Green Inc. which relate to building improvements, equipment, and supplies in a 28,000-square-foot industrial building in Whatcom County, Washington.

9. Loans Payable

(a) On May 11, 2015, the Company entered into an agreement to acquire land in Las Vegas, Nevada (Note 7(b)). Pursuant to the acquisition, the Company issued a promissory note for US$329,203. The amount due is repayable at US$2,385 per month, is secured by the land, and is due on April 1, 2018. As at September 30, 2016, the amount outstanding under the promissory note was as follows:

	September 30, 2016 $	March 31, 2016 $
Balance payable	389,010	393,388
Less: current portion	(17,136)	(16,025)
Long-term portion	371,874	377,363

(b) On July 14, 2016, the Company was advanced $102,808 as unsecured debt. On September 21, 2016, the Company settled the debt with the issuance of common shares. Interest expense of $30,842 was paid in connection with the debt and recorded as finance costs (note 11(f)).

(Expressed in Canadian dollars)

10. Related Party Transactions

Related parties include members of the Board of Directors and officers of the Company, and enterprises controlled by these individuals. The following fees and expenses were incurred in the normal course of business:

	For the six months ended	
	September 30, 2016	**September 30, 2015**
Directors' fees	$ 9,000	$ 9,000
Management fees, salaries and wages	60,000	90,000
Share-based payments	-	572,569
	$ 69,000	$ 671,569

(a) During the six months ended September 30, 2016, the Company incurred $nil (September 30, 2015 - $7,500) and $6,000 (2015 - $nil) to the former Chief Executive Officer of the Company for management fees and rent, respectively.

(b) During the six months ended September 30, 2016, the Company incurred $9,000 (September 30, 2015 - $9,000) to three current and one former director of the Company for directors' fees.

(c) During the six months ended September 30, 2016, the Company incurred $60,000 (September 30, 2015 - $90,000) to the Chief Executive Officer of the Company for management fees.

(d) As at September 30, 2016, the Company owed $71,575 (March 31, 2016 - $64,078) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand.

(e) As at September 30, 2016, the Company owed $10,500 (March 31, 2016 - $5,500) to three directors of the Company for directors' fees.

11. Share Capital

Authorized: unlimited common shares without par value

Share transactions for the six months ended September 30, 2016:

(a) On April 14, 2016, the Company issued 2,640,000 units at $0.20 per unit for gross proceeds of $528,000, of which $430,000 had been received as at March 31, 2016. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.40 until April 14, 2017. In connection with the private placement, the Company issued 89,000 common shares, 264,500 share purchase warrants, and paid $31,400 for share issuance costs. The finders' warrants have the same terms as the share purchase warrants issued for the private placement.

(b) On May 2, 2016, the Company issued 320,000 common shares pursuant to the amended investor relations agreement originally entered into on May 7, 2015 (Note 13).

(c) On June 16, 2016, the Company issued 2,817,500 units at $0.20 per unit for gross proceeds of $563,500. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.40 until September 16, 2017. In connection with this private placement, the Company issued 47,500 common shares, 226,000 share purchase warrants, and paid $33,900 for share issuance costs. The finders' warrants have the same terms as the share purchase warrants issued for the private placement.

(d) The Company issued 2,151,298 common shares to four consultants of the Company with aggregate fair value of $1,167,113 for prepaid consulting services (notes 5 and 14).

(e) On September 22, 2016, the Company issued 100,000 common shares with a fair value of $70,000 to settle a trade payable of $70,000.

(f) On September 21, 2016, the Company issued 188,702 common shares with a fair value of $141,526 to settle a debt of $137,752 (note 9(b)).

(g) On September 1, the Company issued 1,072,813 common shares with a fair value of $439,853 pursuant to the agreement to purchase an interest in two provisional medical marijuana licenses (note 7(c)).

(h) On September 6, 2016, the Company issued 10,866,250 units at $0.20 per unit for gross proceeds of $2,243,750. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.40 until September 6, 2017. In connection with this private placement, the Company issued 1,022,500 share purchase finders' warrants, and paid $126,400 for share issuance costs. The finders' warrants have the same terms as the share purchase warrants issued for the private placement.

Share transactions for the year ended March 31, 2016:

(i) On September 25, 2015, the Company issued 1,100,000 units at $0.37 per unit for proceeds of $407,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.37 until March 25, 2016 (subsequently extended until March 25, 2017). In connection with this private placement, the Company issued 110,000 common shares with a fair value of $40,700 for share issuance costs.

(Expressed in Canadian dollars)

11. Share Capital (continued)

(j) On October 13, 2015, the Company issued 737,500 units at $0.40 per unit for proceeds of $295,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.45 until October 13, 2016. In connection with this private placement, the Company issued 61,250 common shares with a fair value of $23,275 for share issuance costs. The Company allocated $280,250 to share capital and $14,750 to warrants reserve.

(k) On November 10, 2015, the Company issued 613,750 units at $0.40 per unit for proceeds of $245,500. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.45 until November 10, 2016. In connection with this private placement, the Company issued 61,375 common shares with a fair value of $23,936 for share issuance costs. The Company allocated $239,363 to share capital and $6,137 to warrants reserve.

(l) As at March 31, 2016, the Company had share subscriptions received of $443,000 for 2,215,000 units to be issued at $0.20 per unit (Note 11(a)).

12. Share Purchase Warrants

The following table summarizes the continuity of common share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, March 31, 2015	11,657,000	0.75
Issued	2,451,250	0.41
Balance, March 31, 2016	14,108,250	0.69
Issued	17,836,750	0.40
Balance, September 30, 2016	31,945,000	0.53

As at September 30, 2016, the following common share purchase warrants were outstanding:

Date of Expiry	Number	Exercise Price $
November 6, 2016 [1]	1,657,000	0.75
December 9, 2016 [2]	4,940,330	0.75
October 13, 2016	737,500	0.45
November 10, 2016	613,750	0.45
January 19, 2017 [3]	5,059,670	0.75
March 25, 2017 [4]	1,100,000	0.37
April 14, 2017	2,640,000	0.40
April 14, 2017 [5]	264,500	0.40
June 17, 2017	2,817,500	0.40
June 17, 2017 [5]	226,000	0.40
September 6, 2017	10,866,250	0.40
September 6, 2017	1,022,500	0.40
	31,945,000	

(Expressed in Canadian dollars)

12. Share Purchase Warrants (continued)

[1] On October 19, 2015, the Company extended the expiry date of 1,657,000 share purchase warrants, exercisable at a price of $0.75 per share with an expiry date of November 6, 2015, for an additional year to November 6, 2016.

[2] On November 26, 2015, the Company extended the expiry date of 4,940,330 share purchase warrants, exercisable at a price of $0.75 per share with an expiry date of December 9, 2015, for an additional year to December 9, 2016.

[3] On January 7, 2016, the Company extended the expiry date of 5,059,670 share purchase warrants, exercisable at a price of $0.75 per share with an expiry date of January 19, 2016, for an additional year to January 19, 2017.

[4] On March 16, 2016, the Company extended the expiry date of 1,100,000 share purchase warrants, exercisable at a price of $0.37 per share with an expiry date of March 25, 2016, for an additional year to March 25, 2017.

[5] Finders' warrants issued pursuant to issuance of shares. (Notes 11(a) and 11(c)).

13. Stock Options

The Company adopted an incentive stock option plan (the "Plan"), which reserves for issuance a maximum of 10% of the Company's issued and outstanding share capital at the time of a grant of options under the Plan. The Plan will be administered by the Board of Directors and provides for grants of options to directors, executive officers, employees, consultants, management company employees or their permitted assigns (collectively, the "Optionees") of the Company at the discretion of the Board of Directors.

The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Plan will be determined by the Board of Directors and, if the common shares are listed on an exchange, the exercise price must not be lower than the last closing sale price for such common shares as quoted on the exchange for the market trading day immediately prior to the date of grant of the option, less any discount permitted by the Canadian Securities Exchange.

	Number of options	Weighted average exercise price $
Balance, March 31, 2016	3,575,000	0.50
Granted	925,000	0.50
Forfeited	(1,500,000)	0.50
Balance, September 30, 2016	3,000,000	0.50

Additional information regarding stock options outstanding as at September 30, 2016, is as follows:

Range of exercise prices $	Number of stock options issued	Number of stock options available	Remaining contractual life (years)	Weighted average exercise price $
0.50	2,075,000	2,075,000	1	0.50
0.50	925,000	-	2	0.50
0.50	3,000,000	2,075,000		0.50

(Expressed in Canadian dollars)

13. Stock Options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model, assuming no expected dividends and the following weighted average assumptions:

	2016
Risk-free interest rate	0.58%
Expected life (in years)	2.09
Expected volatility	125%
Expected forfeitures	0%

The fair value of stock options vested during the year ended March 31, 2016, was $1,100,628, which was recorded as share-based payment reserve and charged to operations. The weighted average fair value of stock options granted during the year ended March 31, 2016 was $0.31 per stock option.

14. Commitments

(a) On May 7, 2015, the Company entered into a consulting agreement with an investor relations firm with a one-year term and a fee of $35,000 per month payable through issuance of 560,000 common shares. During the year ended March 31, 2016, the agreement was amended to reduce the fee of $35,000 per month to $10,000 per month from October to December 2015, and to $8,750 per month from January to April 2016, which is payable through the issuance of 320,000 shares. These shares were issued on May 2, 2016. During the six months ended September 30, 2016, the Company incurred $8,750 in expenses related to this agreement.

(b) On August 23, 2016, the Company entered into a one year marketing and consulting agreement with Ingrid Tsaprailis. Under the agreement, the Company will pay consulting fees of 115,000 common shares. During the six months ended September 30, 2016 the Company issued 115,000 common shares with a fair value of $47,150 and charged $4,908 to consulting expenses related to the services received.

(c) On September 19, 2016, the Company entered into a one-year marketing and consulting agreement with Solar Properties Ltd. Under the agreement, the Company will pay consulting fees of 1,361,278 common shares. During the six months ended September 30, 2016, the Company issued 837,532 common shares with a fair value of $471,642 and charged $14,213 to consulting expenses related to the services received.

(d) On September 19, 2016, the Company entered into a one-year marketing and consulting agreement with Hilltop Business Center Ltd. Under the agreement, the Company will pay consulting fees of 1,000,000 common shares. During the six months ended September 30, 2016, the Company issued 500,000 common shares with a fair value of $275,000 and charged $8,287 to consulting expenses related to the services received.

(e) On September 19, 2016, the Company entered into a one-year marketing and consulting agreement with Pioneer Ventures Inc. Under the agreement, the Company will pay consulting fees of 1,180,639 common shares. During the six months ended September 30, 2016, the Company issued 678,766 common shares with a fair value of $373,321 and charged $11,250 to consulting expenses related to the services received.

(Expressed in Canadian dollars)

14. Commitments (continued)

Effective August 1, 2016, the Company entered into a 5 year facility lease with Ironguide Ventures Ltd. The Company also acquired an option to purchase the property for USD4,150,000. The Company's minimum annual lease payments are as follows:

	US $
2017	144,000
2018	216,000
2019	240,000
2020	268,000
2025	300,000
2026	104,000
	1,272,000

During the six months ended September 30, 2016, the Company paid $47,000 (USD36,000) lease payments (September 30, 2015 -$nil). These amounts had been charged to statement of loss and comprehensive loss during the six months ended September 30, 2016.

15. Segmented Information

During the six months ended September 30, 2016, the Company had one reportable operating segment relating to medical marijuana and distribution of hemp-based products. Geographical information is as follows:

September 30, 2016	Canada $	US $	Total $
Intangible asset	1	854,706	854,707
Property and equipment	34,700	2,250,726	2,285,426
	34,700	3,105,432	3,140,133

March 31, 2016	Canada $	US $	Total $
Intangible asset	1	–	1
Property and equipment	38,682	594,363	633,045
	38,683	594,363	633,046

(Expressed in Canadian dollars)

16. Supplemental Cash Flow Information

	Six months ended September 30, 2016 $	Six months ended September 30, 2015 $
Non-cash investing and financing activities:		
Fair value of finders' warrants issued	216,757	–
Fair value of options cancelled	343,455	–
Obligation to issue shares for services contract	-	420,000
Shares issued for share issuance costs	164,775	–
Shares issued to settle debt and accounts payable	211,526	–
Shares issued for services	1,128,453	–
Supplemental disclosures:		
Interest paid	48,390	–
Income taxes paid	–	–

17. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2016, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, March 31, 2016 $
Cash	18,462	–	–	329,547

The fair values of other financial instruments, which include amounts receivable, loan receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Accounts receivable consists of expense recoveries receivable and GST receivable. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held mainly in bank accounts and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2016.

(Expressed in Canadian dollars)

17. Financial Instruments and Risks (continued)

(d) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

As at September 30, 2016, the Company had the following monetary liabilities denominated in foreign currencies:

	US$
Accounts payable and accrued liabilities	39,785
Loan payable	296,796
	336,581

Based on the above net exposures as at September 30, 2016, a 10% change in the US dollar against the Canadian dollar would result in an increase or decrease of approximately $44,150 in the Company's net loss.

The Company manages foreign currency risk by minimizing the value of financial instruments denominated in foreign currencies. The Company has not entered into any foreign currency contracts to mitigate this risk.

(e) 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 September 30, 2016 in the amount of $18,462 and raised additional capital by selling equity in order to meet short-term operating requirements. As at September 30, 2016, the Company had accounts payable and accrued liabilities of $207,819. All accounts payable and accrued liabilities are current.

18. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share subscriptions received, and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended March 31, 2016.

19. Contingent Liability

On August 4, 2016, an organization related to the Company's former President and Chief Executive Officer and director, Mr. Les Kjosness, filed a small claims court notice of claim against the Company with respect to unpaid office expense. The financial effect of this claim is not determinable at this time. An allowance of $12,000 has been recorded in general and administrative expense as at September 30, 2016.

20. Comparative Figures

Certain balances disclosed in the Company's condensed consolidated interim statements of loss and comprehensive loss for the six months ended September 30, 2015, have been reclassified to conform to the condensed consolidated interim statements of loss presentation adopted for in the current period.

21. Subsequent Events

(a) On November 14, 2016, the Company announced that it has entered into an agreement to purchase an industrial facility in southern California and three (3) medical marijuana licenses for manufacturing, cultivation, and retail uses. The land size is 40,510 square feet and the existing building size is 6,875 square feet, with a 19-foot-ceiling clearance, for a purchase price of $3.2 million USD, based on $450 USD per square foot for the building and $65 USD per square foot for the land. The yard area is paved and suitable for greenhouse growing. The purchase is subject to, and contingent upon, completion of satisfactory due diligence, including background checks, and closing documentation for the issuances of the three (3) licenses to the Company within 120 days, with the closing to take place 120 days from the removal of contingencies.

(b) On November 16, 2016, the Company announced, that in addition to the transaction described in the news release dated November 14, 2016, it has entered into another agreement to purchase an industrial facility in southern California and three (3) medical marijuana licenses for manufacturing, cultivation, and retail uses. The land size is 0.32 acres and the existing building size is 2,756 square feet, with an 18-foot-ceiling clearance, for a purchase price of $950,000.00 USD, based on a purchase price of less than $350 USD per square foot. There is excess land for expansion on the corner parcel and the yard area is paved and suitable for greenhouse growing. The purchase is subject to, and contingent upon, completion of satisfactory due diligence, including background checks, and closing documentation for the issuances of the three (3) licenses to Marapharm within 60 days, with the closing to take place 60 days from the removal of contingencies.

(c) The Company purchased an automated cannabis machine ("ACM") for US$34,000. The ACM system provides for point-of-sale transactions, inventory management, secure product storage, enhanced availability of product, privacy, and a reduction in labor costs.

(d) Subsequent to September 30, 2016, 310,000 warrants expired unexercised.

(e) Subsequent to September 30, 2016, 2,707,000 warrants were exercised for cash proceeds of $1,592,250.00.

(f) On November 29, 2016, the Company purchased 25% interest in Econevada for US$25,000 to acquire 100% ownership of the option to purchase 2 licenses (note 7(c)).