

FORM 2A
LISTING STATEMENT
NHS INDUSTRIES LTD.

1. Table of Contents

Definitions

“Issuer” shall mean NHS Industries Limited.

“NOP” shall mean the non offering prospectus filed by NHS Industries Limited on January 29, 2018 with the British Columbia Securities Commission.

2. Corporate Structure

2.1	NHS Industries Limited Head Office 1641 Lonsdale Avenue, Suite 106, North Vancouver, British Columbia, V7M 2T5, Canada Registered Office 201-2691 Viscount Way, Richmond, British Columbia, V6V 2R5, Canada
2.2	British Columbia <i>Business Corporations Act</i>
2.3 (a) (b) (c)	The Issuer has no subsidiaries. The Issuer has no subsidiaries. The Issuer has no subsidiaries.
2.4	The Issuer is not pursuing a listing via a requalification.
2.5	This section is not applicable.

3. General Development of the Business

3.1	Please refer to <u>Three-Year History</u> in the NOP found on pages 14 and 15.
3.2 (1) (a) (1) (b) (2) (a) (2) (b) (2) (c) (2) (d) (2) (e) (2) (f) (2) (g) (2) (h)	This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable. This subsection is not applicable.
3.3	Please refer to the MD&A included with the NOP which begins on page 88.

4. Narrative Description of the Business

4.1 (1) (a)	Please refer to <u>Principal Purposes</u> in the NOP found on page 16 and the accompanying notes on page 17.
(1) (b)	Please refer to <u>Principal Milestones</u> in the NOP found on pages 18 and 19.
(1) (c)	Please refer to <u>Total Available Funds</u> in the NOP found on page 16. (i) The estimated working capital (deficiency) as of February 28, 2018 is \$437,084. (ii) Please refer to <u>Working Capital Reconciliation</u> in the NOP found on page 16. Please also see attached Working Capital Reconciliation schedule.
(1) (d)	Please refer to <u>Principal Purposes</u> in the NOP found on page 16 and the accompanying notes on page 17
(2)	This subsection is not applicable.
(3)	This subsection is not applicable.
(4)	There is aggressive competition in the marketplace. Please refer to <u>Risk Factors</u> in the NOP found on pages 42 and 43 and it is difficult to assess the Issuer's competitive position.
(5)	There are no investment or lending policies in place. The Issuer does not lend capital and its capital remains in cash accounts.
(6)	This subsection is not applicable.
(7)	On August 31, 2016, the Issuer entered into an arrangement agreement with its parent company. Please refer to <u>Arrangement</u> in the NOP found on pages 5 and 6.
(8)	The Issuer does not have these policies in place.
4.2	This subsection is not applicable.
4.3	This section is not applicable.
4.4	This section is not applicable.

5. Selected Consolidated Financial Information

5.1 (a)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.
(b)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.
(c)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.

(d)	Please refer to the <u>Statement of Financial Positions</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 54.
(e)	Please refer to the <u>Statement of Financial Positions</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 54.
(f)	There were no dividends declared. Please refer to the <u>Statement of Cash Flows</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 57.
(g)	There were no dividends declared. Please refer to the accompanying notes in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on pages 58 to 69 inclusively.
5.2 (a)	Please refer to the <u>Selected Quarterly Information</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 96. Total revenues for the quarter ending December 31, 2017 were \$159,347.
(b)	Please refer to the <u>Selected Quarterly Information</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 96. Income from continuing operations, in total and on a per share basis and fully diluted per share basis for the quarter ending December 31, 2017 were \$159,347 and \$0.006.
(c)	Please refer to the <u>Selected Quarterly Information</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 96. Net income for the quarter ending December 31, 2017 was \$20,053.
5.3	This section is not applicable.
5.4	This section is not applicable. Financial Statements are prepared in accordance with Canadian GAAP and IFRS.

6. Management's Discussion and Analysis

6.1	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.
6.2 (a) to (e)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55 and the <u>Nature and Continuance of Operations</u> in the NOP found on page 58.
6.3 (a)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.
(b)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55.

(c)	Please refer to the <u>Statement of Financial Positions</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 54.
(d)	Please refer to the <u>Statement of Financial Positions</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 54.
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6.4	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55 and the <u>Nature and Continuance of Operations</u> in the NOP found on page 58.
6.5 (a) to (j)	Please refer to the <u>Statement of Operations and Comprehensive Operations</u> in the audited financial statements for the years ending December 31, 2016 and December 31, 2015 in the NOP found on page 55 and the <u>Nature and Continuance of Operations</u> in the NOP found on page 58.
6.6 (a) to (c)	Please refer to the <u>Selected Quarterly Information</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 96.
6.7 (a) to (i)	Please refer to the <u>Liquidity</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on pages 96 and 97.
6.8 (a) to (c)	Please refer to <u>Capital Resources</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 97.
6.9 (a) to (e)	Please refer to the <u>Off Balance Sheet Arrangements</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 98.
6.10	Please refer to the <u>Transactions with Related Parties</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on pages 98 and 99.
6.11	The Issuer had no material fourth quarter events or items.
6.12	Please refer to the <u>Proposed Transactions</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 98.
6.13 (a) and (b)	The Issuer had no changes in accounting policies and no accounting policies initially adopted during the most recently completed financial year.
6.14 (a) to (e)	Please refer to <u>Financial Instruments</u> in the audited financial statements for the year ending December 31, 2016 in the NOP found on pages 59 to 61 inclusively.
6.15	The interim MD&A is dated January 29, 2018.
6.16	Please refer to the <u>Management's Discussion and Analysis</u> in the unaudited financial statements for the quarter ending September 30, 2017 in the NOP found on page 88.
6.17	This section is not applicable.

7. Market for Securities

7.1	The Issuer's securities are not listed and posted for trading or quoted on any exchange and quotation and trade reporting system.
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8. Consolidated Capitalization

8.1	There have been no material changes.
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9. Options to Purchase Securities

9.1	<p>While the Issuer has adopted an incentive stock option plan, there are no stock options issued by the Issuer as of the date of this Listing Statement. There are 2,720,985 stock options authorized and available to be issued, representing 10% of the issued and outstanding shares of the Issuer.</p> <p>Subsections 9.1(a) to (f) inclusively are not applicable.</p>
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10. Description of the Securities

10.1	Please refer to <u>Description of Securities</u> and <u>Consolidated Capitalization</u> in the NOP found on pages 21-22.
10.2	There are no debt securities of the Issuer. Subsections 10.2(a) to (h) inclusively are not applicable.
10.3	There are no other securities of the Issuer.
10.4 (a) and (b)	These subsections are not applicable.
10.5 (a) and (b)	These subsections are not applicable.
10.6	Please refer to <u>Prior Sales</u> for a table of private placements and debt settlements via sales since incorporation in the NOP found on page 22.
10.7	Subsections 10.7 (a) to (c) inclusively are not applicable.

11. Escrowed Securities

11.1	Please refer to <u>Escrowed Securities</u> for a table and description of current escrowed securities in the NOP found on page 23.
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12. Principal Shareholders

12.1 (1)	Please refer to <u>Principal Security Holders</u> for a table and description of current escrowed securities in the NOP found on page 24.
(2)	This subsection is not applicable.
(3)	This subsection is not applicable.
(4)	This subsection is not applicable.
(5)	Please see attached schedule referring to Principal Shareholders.

13. Directors and Officers

13.1	Please refer to <u>Director and Officers</u> for a table and description of the directors in the NOP found on pages 25 and 26.
13.2	Please refer to <u>Director and Officers</u> for a table indicating the periods in the NOP found on pages 25 and 26. There are no fixed term appointments and directors are elected annually.
13.3	The directors and officers directly or indirectly an aggregate amount of 14,755,054, or approximately 54% of the voting shares of the Issuer.
13.4	The Issuer has one board committee: the Audit Committee. The members of the Audit Committee are: Anthony Chan, C. Lorraine Pike and David A. Johnson.
13.5	Carman Parente is also the President and CEO of New Age Farm Inc., the former parent of the Issuer.
13.6	With respect to subsections (a) to (d) inclusively, please refer to <u>Cease Trade Orders, Bankruptcies, Penalties or Sanctions</u> in the NOP found on pages 27 and 28.
13.7	With respect to subsections (a) and (b), please refer to <u>Penalties or Sanctions</u> in the NOP found on page 28.
13.8	Please refer to <u>Penalties or Sanctions</u> in the NOP found on page 28.
13.9	Please refer to <u>Personal Bankruptcies</u> in the NOP found on page 28.
13.10	Please refer to <u>Conflicts of Interest</u> in the NOP found on page 28.
13.11	Please refer to <u>Directors and Officers</u> in the NOP found on page 25.

14. Capitalization

14.1	Please refer to <u>Director and Officers</u> for a table and description of the directors in the NOP found on pages 25 and 26. Please also see attached schedule referring to Capitalization.
14.2	Please refer to <u>Description of Securities</u> in the NOP found on page 21.
14.3	This subsection is not applicable.

15. Executive Compensation

15.1	There has been no executive compensation awarded in the last 3 complete financial years. As of the filing of this Listing Statement, no officer or director is receiving any compensation.
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16. Indebtedness of Directors and Officers

16.1	No director, executive officer or employee of the Issuer or their respective associates or affiliates is or has been indebted to the Issuer at any time.
16.2	No director, executive officer or employee of the Issuer or their respective associates or affiliates is or has been indebted to the Issuer at any time.

17. Risk Factors

17.1	Please refer to <u>Risk Factors</u> for a description of the risk factors facing the Issuer in the NOP found on pages 42 and 45 inclusively.
17.2	This section is not applicable.
17.3	This section is not applicable.

18. Promoters

18.1	(a)	Carman Parente.
	(b)	12,900,599 Common Shares representing 47.48% of the issued and outstanding amount.
	(c)	Mr. Parente has not received any compensation from the Issuer. Mr. Parente has not received anything of value from the Issuer and has no entitlement to receive anything of value as a consequence of being a promoter.
	(d)	This subsection is not applicable.
18.2	(1)	With respect to subsections (a) and (b), please refer to <u>Cease Trade Orders, Bankruptcies, Penalties or Sanctions</u> in the NOP found on pages 27 and 28.
	(2)	This subsection is not applicable.
	(3)(a)	Please refer to <u>Cease Trade Orders, Bankruptcies, Penalties or Sanctions</u> in the NOP found on pages 27 and 28.
	(3)(b)	Please refer to <u>Personal Bankruptcies</u> in the NOP found on page 28.
	(4)	With respect to subsections (a) and (b), please refer to <u>Penalties or Sanctions</u> in the NOP found on page 28.
	(5)	Please refer to <u>Penalties or Sanctions</u> in the NOP found on page 28.

19. Legal Proceedings

19.1	There are no material legal proceedings to the Issuer.
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20. Interest of Management and Others in Material Transactions

20.1	Please refer to <u>Interest of Management and Others in Material Transactions</u> in the NOP found on page 46.
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21. Auditors, Transfer Agent and Registrar

21.1	Please refer to <u>Auditors, Transfer Agent and Registrar</u> in the NOP found on page 46.
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22. Material Contracts

22.1	Please refer to <u>Material Contracts</u> in the NOP found on pages 46 and 47. Copies of each of the Material Contracts referred to therein are herewith enclosed as part of this Listing Statement.
22.2	This section is not applicable.

23. Interest of Experts

23.1	Please refer to <u>Experts</u> in the NOP found on page 47.
23.2	This section is not applicable.
23.3	This section is not applicable.
23.4	This section is not applicable.

24. Other Material Facts

24.1	There are no other material facts about the Issuer which are not disclosed in this Listing Statement.
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25. Financial Statements

25.1 (a)	Financial statements for the years ending December 31, 2016 and December 31, 2015 as well as the last 12 complete quarters are herewith enclosed as part of this Listing Statement.
(b)	The last completed quarter covers the period from July1, 2017 and ending September 30, 2017 and is herewith enclosed.
25.2	This section is not applicable.

CERTIFICATE OF THE ISSUER

Dated: February 28, 2018

Pursuant to a resolution duly passed by its Board of Directors, NHS Industries Ltd., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to NHS Industries Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

(signed) Carman Parente
President & Chief Executive Officer

(signed) Anthony Chan
Chief Financial Officer

On behalf of the Board of Directors

(signed) C. Lorraine Pike
Director

(signed) David A. Johnson
Director

(signed) Carman Parente
Director

(signed) Anthony Chan
Director

On behalf of the Promoter

(signed) Carman Parente
Promoter

Schedule - Working Capital Reconciliation

A reconciliation of working capital from September 30, 2017 to February 28, 2018 is as follows:

Working Capital Reconciliation	
Working capital deficit as of September 30, 2017 ¹	\$ 290,084
Private placement closed November 30, 2017 ²	100,000
Loss on sale of securities of New Age Farm ³	(53,000)
Completion payment paid by New Age Farm ⁴	100,000
Estimated working capital as of February 28, 2017	\$ 437,084

Notes:

1. See the Company's financial statements for the 3 and 9 months ended September 30, 2017.
2. The Company is conducting a private placement of units (the "Units") where each Unit consists of one post-consolidation common share and one whole share purchase warrant at a price of \$0.05 per Unit. Each such warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 for a period of five years.
3. Subsequent to September 30, 2017, NHS disposed of the 3,000,000 common shares of New Age Farm that it received in settlement of a portion of the intercompany loan between New Age Farm and NHS at a price that was below the price recorded in the September 30, 2017 interim financial statements.
4. New Age Farm has paid to the Company a completion payment for its continued and ongoing support of New Age Farm's strategic plan.

Total Available Funds

NHS had working capital of approximately \$437,084 as of February 28, 2018.

Principal Purposes

Available Cash

A. Estimated working capital as of February 28, 2018	437,084
Total Available Funds	\$437,084

Principal Purposes for the twelve months from March 1, 2018 to February 28, 2019

1. General and Administrative Expenses	\$146,000
2. Accounting and Audit	\$25,500
3. Director Fees	\$0
4. Executive Compensation	\$0
5. Consultants and Legal Fees	\$36,000
6. Commercial Kitchen Build Out	\$189,700
7. Unallocated Funds	\$39,884
Total Expenditures	\$437,084

Schedule – Principal Shareholders

To the knowledge of management of the Company, no person or company is anticipated to own of record or beneficially, or exercise control or direction over, directly or indirectly, of more than 10% of any class of voting securities of NHS upon completion of the Arrangement, save and except as set out below.

Mr. Carman Parente, a Director and CEO of the Company holds a total of 12,900,599 shares as shown in the table below:

		Percentage ownership	
		non-diluted	fully diluted
Carman Parente	97,918		
567147 BC Ltd. ¹	<u>12,802,681</u>		
TOTAL	12,900,599	52.34%	38.85%

Section 14 - Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully- diluted)	%of Issued (non- diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	27,209,855	33,209,805	100%	82%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	14,755,055	33,209,805	54.23%	44.43%
Total Public Float (A-B)	12,454,800	33,209,805	45.77%	37.50%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	14,696,380	33,209,805	54.01%	44.25%
Total Tradeable Float (A-C)	12,513,475	33,209,805	45.98%	37.68%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	30	1,950
100 – 499 securities	3	650
500 – 999 securities	1	651
1,000 – 1,999 securities	6	8,796
2,000 – 2,999 securities	--	--
3,000 – 3,999 securities	5	19,591
4,000 – 4,999 securities	--	--
5,000 or more securities	4	7,460,000

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	408	21,420
100 – 499 securities	298	49,361
500 – 999 securities	622	294,039
1,000 – 1,999 securities	386	506,287
2,000 – 2,999 securities	91	229,655
3,000 – 3,999 securities	97	328,381
4,000 – 4,999 securities	30	134,521
5,000 or more securities	171	3,399,498
Unable to confirm		

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	3	14,755,055

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This non-offering final prospectus does not constitute a public offering of securities.

***Non-offering Final Prospectus dated
January 29, 2018***

NON-OFFERING
FINAL PROSPECTUS

JANUARY 29, 2018

NHS INDUSTRIES LTD.
106-1641 Lonsdale Avenue
North Vancouver, British Columbia V7M 2T5
Canada

No securities are being offered pursuant to this Prospectus

This non-offering final prospectus (the “**Prospectus**”) is being filed with the British Columbia Securities Commission for the purpose of allowing NHS Industries Ltd. (“**NHS**” or the “**Company**”) to comply with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* in order for the Company to meet one of the eligibility requirements for the listing of NHS's common shares on the Canadian Securities Exchange (“**CSE**” or the “**Exchange**”). Since no securities are being sold pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general funds.

NHS is a former 100% wholly subsidiary of New Age Farm Inc. (“**New Age Farm**”). NHS and New Age Farm have executed a plan of arrangement on August 31, 2016 (the “**Arrangement Agreement**”) whereby New Age Farm spun-off NHS, together with all its assets and liabilities, as a separate operating entity to operate New Age Farm’s property in Langley, British Columbia and, in return, shareholders of New Age Farm have received common shares of NHS (the “**Common Shares**”) pro rata to their holdings in New Age Farm (the “**Plan of Arrangement**”). NHS and New Age Farm have set the effective date of the Plan of Arrangement at December 31, 2016 and, as of the date of this Prospectus, have proceeded to issue the spin-off shares to the shareholders of New Age Farm.

NHS has applied for listing of its common shares (the “**Common Shares**”) on the CSE (the “**Listing**”) and, as of the date of this Prospectus, received conditional approval from the CSE.

As at the date of this Prospectus, NHS does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.).

There is currently no market through which any of the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

An investment in the Company or the Reporting Issuer should be considered highly speculative. There is no guarantee that an investment in the Company or the Reporting Issuer will earn any positive return in the short or long term. An investment in the Company or the Reporting Issuer is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in the Common Shares. In reviewing this Prospectus, an investor should carefully consider the matters described under the heading "Risk Factors".

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The and head office of the Company is 1641 Lonsdale Avenue, Suite 106, North Vancouver, British Columbia, V7M 2T5. The registered and records office of the Reporting Issuer will be 201-2691 Viscount Way, Richmond, British Columbia, V6V 2R5.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or Reporting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (A) the intention to complete the Plan of Arrangement; (B) the description of the Reporting Issuer that assumes completion of the Plan of Arrangement; and (C) the intention to grow the business and operations of the Reporting Issuer. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Prospectus. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, satisfy conditions under the Arrangement Agreement, satisfy the requirements of the Exchange with respect to the Plan of Arrangement and the Listing, the economy generally, changes in government regulations, retain skilled management and staff, consumer interest in the services and products of the Reporting Issuer, competition, and anticipated and unanticipated costs. Such statements could also be materially affected by the impact of general imprecision of environmental risks, environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. Actual results, performance or achievement could differ materially from those expressed herein. While the Company anticipates that subsequent events and developments may cause its views to change, the forward-looking statements are included to allow the reader to understand our current working capital position, and may not be appropriate for other purposes. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to the date of this Prospectus. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Currently, the Company does not have a written policy for updating forward-looking information and management refers to Part 4A and Part 4B of National Instrument 51-102 – *Continuous Disclosure Obligations* for guidance on disclosing forward-looking information. As required by applicable securities legislation, it will be the Company's policy to update forward-looking information in its management discussions and analyses, as required from time to time.

The factors identified above are not intended to represent a complete list of the factors that could affect the Company and the Reporting Issuer. Additional factors are noted in this Prospectus under “*Risk Factors*”.

GENERAL DISCLOSURE INFORMATION

The Company is not offering to sell securities under this Prospectus. An investor should rely only on the information contained in this Prospectus. No person has been authorized by the Company to give any information or make any representations in connection with the transactions herein described other than those contained in this Prospectus and, if given or made, any such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus.

Definitions and Selected Abbreviations

Various terms used in this Prospectus, including the cover pages, are defined under “Glossary”. Unless the context otherwise requires, use in this Prospectus of the “Reporting Issuer”, “we”, “us” or “our” means the Reporting Issuer and assumes that the steps outlined under “Plan of Arrangement” have been completed.

Certain Information

Unless otherwise indicated or the context otherwise requires, all dollar amounts contained in this Prospectus are in Canadian dollars \$. Aggregated figures in graphs, charts and tables contained in this Prospectus may not add due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance. Unless otherwise indicated, the market and industry data contained in this Prospectus is based upon information from industry and other publications and the knowledge of management and experience of the Company in the markets in which NHS operates. While management of NHS believes this data is reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. NHS has not independently verified any of the data from third-party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

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GLOSSARY

“Arrangement Agreement” means the plan of arrangement executed by and between NHS and New Age Farm on August 31, 2016;

“BCBCA” means the *Business Corporations Act* (British Columbia);

“Board” means the Board of Directors of the Company or the Reporting Issuer, as the context requires;

“Common Shares” means the common shares of the Company or the Reporting Issuer, as the context requires;

“Company” means NHS Industries Ltd;

“CSE” means the Canadian Securities Exchange;

“Effective Date” means December 31, 2016;

“Exchange” means the Canadian Securities Exchange;

“Insider” if used in relation to an issuer, means:

- a) a director or senior officer of the issuer;
- b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer;
- c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer;
- or
- d) the issuer itself if it holds any of its own securities;

“Listing” means the application made by NHS to list its Common Shares on the Exchange concurrently with the filing of this Prospectus and for which NHS has received conditional approval to list as of the date of this Prospectus;

“New Age Farm” means New Age Farm Inc.;

“New Age Farm Shares” means the common shares of New Age Farm;

“NHS” means NHS Industries Ltd.;

“NHS Shares” means the Common Shares that New Age Farm shareholders have received pursuant to the Plan of Arrangement;

“Plan of Arrangement” means the transaction in which New Age Farm has spun-off NHS, together with all its assets and liabilities, as a separate operating entity to operate New Age Farm’s property in Langley, British Columbia and, in return, shareholders of New Age Farm have received Common Shares pro rata to their holdings in New Age Farm;

“Prospectus” means this long-form non-offering final prospectus of NHS;

“Reporting Issuer” means the Company as specifically as referred to in this Prospectus, following completion of the Plan of Arrangement;

“SEDAR” means the System for Electronic Document Analysis and Retrieval for the filing of disclosure documents by reporting issuers in Canada, accessible at www.sedar.com;

“Share Distribution Record Date” means November 30, 2016.

SUMMARY OF PROSPECTUS

The following is a summary of some of the information contained in this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in the Prospectus. Unless otherwise defined in the Prospectus, all capitalized terms used herein shall have the meaning ascribed thereto under the heading “Glossary”.

The Company

NHS was incorporated under the BCBCA under incorporation number BC0627073 on May 4, 2001 and changed its name to “NHS Industries Ltd.” on September 17, 2010. NHS amalgamated with 0998955 B.C. Limited on August 13, 2014 to become “NHS Industries Ltd.” The Company’s head office is located at 1641 Lonsdale Avenue, Suite 106, North Vancouver, British Columbia, V7M 2T5 and its registered office is located at 201-2691 Viscount Way, Richmond, British Columbia, V6V 2R5. The Company's common shares do not currently trade on any stock exchange. See “*Corporate Structure*”.

As of the date of this Prospectus, the Plan of Arrangement has been completed.

Principal Business

NHS owns a five and a half acre greenhouse facility in the lower mainland of British Columbia with a 48,000 square foot greenhouse facility, capable of growing 2.4 million 4” potted plants annually that provide year round growing capability and also houses over 80,000 cubic yards of peat soil for planting. NHS is in the process of formulating innovative proposals for small scale agricultural facilities for exploring multiple avenues for cash flow processes. The facility is located minutes from three major Canada – USA border crossings and direct routes to the lower mainland west and to all points east and west along 16th Ave to Hwy 99 and to Hwy 1 make its location in South Langley an ideal hub. NHS intends to become a beta site for sustainable growing capabilities as well as minimizing all carbon footprints with regard to all its on-site operations. This facility will meet a growing demand in the Metro Vancouver and Fraser Valley areas to help smaller growers become more efficient, more productive, implement value added product lines, and reduce waste.

NHS has been in operation since 2001. Since that time, NHS operated numerous real estate based ventures that were brought to completion and/or sold off to other parties.

In particular, NHS intends to provide turnkey agricultural services at its fully Agricultural Land Reserve-approved location in Langley to entry level agricultural businesses seeking a location where they can take their product from seed to sale. In addition, the Company will offer value added services to offsite growers who wish to increase potential revenues from small scale agricultural operations. There is a significant trend toward local, clean-label food and NHS is positioned to assist growers in achieving maximum potential from their crops whether grown on the Langley site or grown off-site and brought in for further processing, storage and distribution. The entry barriers to becoming a grower are high. NHS aims to minimize the initial start-up costs for new growers by providing turnkey solutions that allow a tenant grower on its site to arrive, flip a switch and start farming. For growers who may have a small scale agricultural operation off-site, there are infrastructure, personnel and regulatory costs associated with creating a value added product from their crops. In a business with high overhead and low margins, there may not be cash available to build on this infrastructure to get this aspect of their business underway. By providing

everything the small-scale operator needs under one umbrella, NHS can help them increase the value of the crops by turning it into marketable products thereby allowing the operator to get the maximum income from its operations. See “*Description of the Business*”.

Business Objectives and Milestones

The primary objective business objectives for the Company over the next 12 months are:

- (a) to lease 100% of the existing greenhouse growing space at the Langley, BC facility to local growers (currently 1/3 leased);
- (b) to complete the peat excavation on the land through an agreement with a local contractor;
- (c) to prepare the structural footprint for the warehouse and processing plant; and
- (d) to expand the growing facility at Langley, British Columbia by commencing construction of a warehouse and processing plant to complement the existing greenhouse complex See “*Principal Purposes*”.

No Securities Distributed

This Prospectus is a non-offering prospectus prepared and no securities will be distributed pursuant to this Prospectus.

No Proceeds Raised

This Prospectus is a non-offering prospectus prepared and no proceeds will be raised pursuant to this Prospectus. The Company has completed a private placement in the amount of \$500,000 and has settled a portion of the debt between NHS and its former parent, New Age Farm, in exchange for 3,000,000 common shares in the equity of New Age Farm. These funds will be used to cover the Company’s first year operating costs. See “*Use of Proceeds*”.

Listing

The Company has applied to have its shares listed on the CSE and, as of the date of this Prospectus, has received conditional approval from the CSE. Listing remains subject to the Company fulfilling all of the requirements of the CSE, meeting certain financial and other requirements and clearing a non-offering prospectus with the British Columbia Securities Commission.

Directors and Officers

Carman Parente	–	President, Chief Executive Officer and Director
Anthony Chan	–	Chief Financial Officer
Lorraine Pike	–	Director
David A. Johnson	–	Director

Summary of Financial Information

The tables below summarize selected financial data for the periods indicated and should be read in conjunction with the Financial Statements and the “Management’s Discussion and Analysis” included elsewhere in this Prospectus.

Summary Components of Statement of Operations and Comprehensive Income (Loss)	September 30, 2017 (\$)¹	September 30, 2017 (\$)²	December 31, 2016 (\$)³	December 31, 2015 (\$)³
Revenues	69,621	24,306	84,029	84,075
Expenses	197,463	126,148	170,213	223,244
Net Income (Loss)	(127,842)	(101,842)	(86,184)	(786,828)
Basic and diluted earnings (loss) per share	(0.008)	(0.004)	(0.013)	(0.11)
Summary Components of Statement of Financial Position				
Current Assets	1,041,043		774,554	285,715
Total Assets	2,229,653		1,981,101	1,516,515
Current Liabilities	750,959		2,240,091	1,231,311
Total Liabilities	1,355,077		2,240,091	1,870,131
Working Capital (Deficit)	290,084		(1,465,537)	(945,596)
Accumulated Deficit	2,341,933		2,214,091	2,127,907

¹ These financial statements are unaudited and are for the 9-month period ended September 30, 2017.

² These financial statements are unaudited and are for the 3-month period ended September 30, 2017.

³ These financial statements are audited.

Risk Factors

The activities of the Company are subject to the risks normally encountered in a growing business, including: negative operating cash flow; lack of adequate capital; liquidity concerns and future financing requirements to sustain operations; competition; government regulation; and uncertainty regarding penetration of the target market. See “*Risk Factors*”.

ARRANGEMENT

On August 31, 2016, the Company entered into the Arrangement Agreement with New Age Farm in which New Age Farm has spun-off NHS, together with all its assets and liabilities, as a separate operating entity to operate New Age Farm’s property in Langley, British Columbia and, in return, shareholders of New Age Farm will receive Common Shares of NHS pro rata to their holdings in New Age Farm.

The shareholders of New Age Farm approved the Plan of Arrangement during its last annual general and special meeting held on August 31, 2016 and New Age Farm has set the share distribution record date at November 30, 2016 (the “**Share Distribution Record Date**”). As of the Share Distribution Record Date, New Age Farm had 105,573,317 common shares issued and outstanding.

As of the Share Distribution Record Date, each New Age Farm shareholder of record continued to hold that number of common shares in the equity of New Age Farm (the “**New Age Farm Shares**”) held by the

shareholder prior to the Plan of Arrangement. The New Age Farm Shares will be identical in every respect to the shareholders' current New Age Farm Shares; in addition, each New Age Farm shareholder has received from NHS the number of common shares (the "**NHS Shares**") equal to the issued and outstanding New Age Farm Shares held by the shareholder as of the Share Distribution Record Date, multiplied by a conversion factor.

Prior to the effective date of the Plan of Arrangement, NHS entered into an agreement with New Age Farm and assumed some of New Age Farm's accounts payable owing to two related parties and an external consultant. NHS also effected a consolidation of the NHS Shares as of the Share Distribution Record Date on the basis of one (1) new NHS Share for up to five (5) old NHS Shares.

Based on the issued and outstanding shares in each of New Age Farm and NHS as of the Share Distribution Record Date, New Age Farm has determined that the distribution ratio is 0.065195 such that 1 New Age Farm Share will entitle a New Age Farm shareholder to receive 0.065195 share of NHS for each New Age Farm Share held by the shareholder as of the Share Distribution Record Date. Therefore, as of completion of the Plan of Arrangement, each shareholder now holds one New Age Farm Share and his or her pro-rata allotment of the NHS Shares for each New Age Farm Share held prior to the Plan of Arrangement. No fractional shares were issued. The total number of NHS Shares distributed to the New Age Farm Shareholders was 6,882,852.

The Company determined that the effective date of the Plan of Arrangement to be December 31, 2016 (the "**Effective Date**"). This means that shareholders of record of New Age Farm as of the Share Distribution Record Date received their NHS shares after the Effective Date. The Share Distribution Record Date has been set for the purpose of determining which shareholders will be entitled to receive the NHS shares. It is not the date on which the shareholders received shares; New Age Farm Shareholders received their NHS shares in August 2017 with all the required steps in the Arrangement having been completed.

For a more detailed description of the Arrangement, please see the Arrangement Agreement in New Age Farm's management information circular and proxy, which has been filed on New Age Farm's SEDAR profile in September 2016 or under the Company's SEDAR profile at www.sedar.com.

Pursuant to the Plan of Arrangement, save and except for Dissenting Shares, the following principal steps will occur, and be deemed to occur, in the following chronological order as part of the Arrangement:

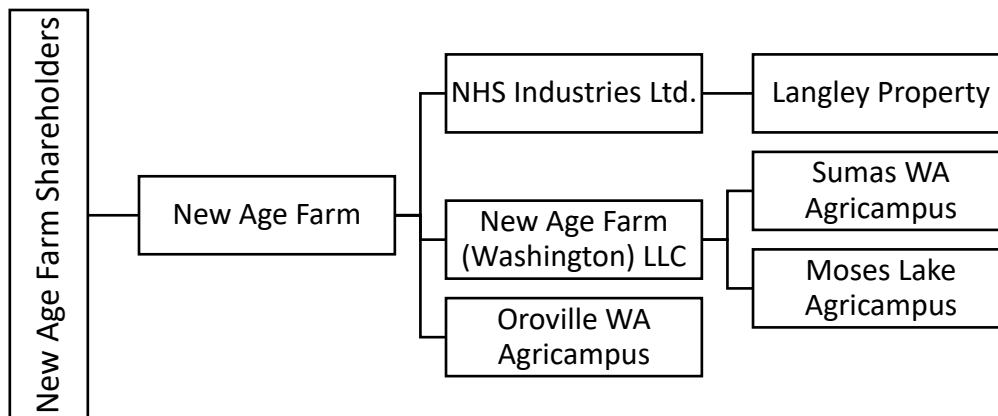


Figure 1 New Age Farm before the Arrangement

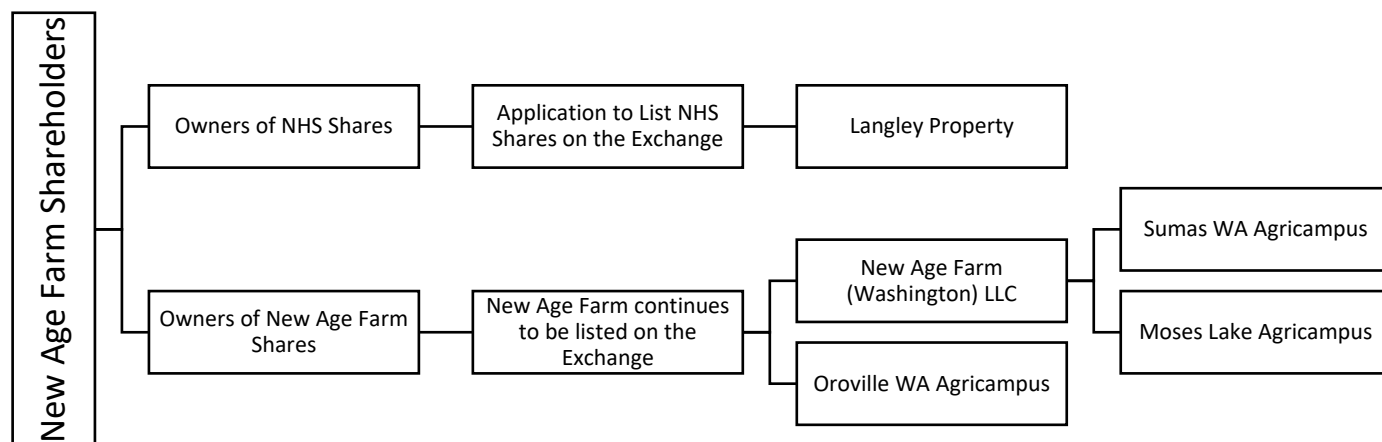


Figure 2 New Age Farm and NHS after the Arrangement

As of the date of this Prospectus, the Plan of Arrangement has been completed.

CORPORATE STRUCTURE

Name, address and incorporation

NHS was incorporated under the BCBCA under incorporation number BC0627073 on May 4, 2001 and changed its name to “NHS Industries Ltd.” on September 17, 2010. NHS amalgamated with 0998955 B.C. Limited on August 13, 2014 to become “NHS Industries Ltd.” The Company’s head office is located at 1641 Lonsdale Avenue, Suite 106, North Vancouver, British Columbia, V7M 2T5 and its registered office is located at 201-2691 Viscount Way, Richmond, British Columbia, V6V 2R5.

The Company's common shares do not currently trade on any stock exchange.

Intercorporate relationships

The Company has no subsidiaries.

DESCRIPTION OF THE BUSINESS

NHS owns a five and one-half acre greenhouse facility in the lower mainland of British Columbia with a 48,000 square foot greenhouse facility, capable of growing 2.4 million 4" potted plants annually that provide year round growing capability and also houses over 80,000 cubic yards of peat soil. The facility is currently leased to a longtime tenant which occupies one-third of the existing greenhouse space. NHS intends to offer innovative solutions for small scale agricultural operations via multiple avenues that will generate added value and cash flow from seed to sale. NHS intends to offer services at its Langley agricultural campus that will include both greenhouse and outdoor growing facilities, crop storage, field to freezer capabilities, crop drying space, a commercial commissary kitchen, packaging facilities, and storage and distribution services for tenants' value-added products. The agri-campus is located minutes from three major Canada – USA border crossings and direct routes to the lower mainland west and to all points east and west along 16th Ave to Hwy 99 and to Hwy 1 making its location in South Langley an ideal hub. NHS intends to be a beta site for sustainable growing capabilities and an incubator for small scale and artisanal producers to create and grow their food businesses, as well as minimizing the carbon footprint of its on-site operations. This facility will meet a growing demand in the Metro Vancouver and Fraser Valley areas to help smaller growers become more efficient, more productive, implement value added product lines, and reduce waste.

NHS has been in operation since 2001. Since that time, NHS operated numerous real estate based ventures that were brought to completion and/or sold off to other parties.

In particular, NHS intends to provide turnkey agricultural services at its fully Agricultural Land Reserve-approved location in Langley to entry level agricultural businesses seeking a location where they can take their product from seed to sale. Additionally, the Company will offer value added services to offsite growers who wish to increase potential revenues from small scale agricultural operations. There is a significant trend toward local, clean-label food and NHS is positioned to assist growers in achieving maximum potential from their crops - whether grown on the Langley site or grown off-site and brought in for further processing, storage and distribution. The entry barriers to becoming a grower are high. NHS aims to minimize the initial start-up costs for new growers by providing turnkey solutions that allow a tenant grower on its site to arrive, flip a switch and start farming. For growers who may have a small scale agricultural operation off-site, there are infrastructure, personnel and regulatory costs associated with creating a value added product from their crops. In a business with high overhead and low margins, there may not be cash available to build on this infrastructure to get this aspect of their business underway. By providing everything the small-scale operator needs under one umbrella, NHS can help them increase the value of the crops by turning it into marketable products thereby allowing the operator to get the maximum income from its operations.

Current facilities use approximately 1.5 acres of the Langley agricultural campus and the Company intends to build this out further. At the present time, the Company is preparing for installation of the commissary kitchen followed by a multipurpose warehouse facility to be built in 2019.

Table 1 Current Facility Summary

Current Facility Summary	
Location	Langley, BC
Area	5.5 acres
Greenhouses	48,000 square feet
Soil inventory	80,000 cubic yards peat soil
Land available for expansion	4 acres

Table 2 Existing Equipment

Existing Equipment
180 table top growing area
600 amp 3 phase electrical power x 2
8,000 square feet of 400 watt integrated lighting
12,000 square feet of overhead water system
29,000 square feet of hot water piping for heating

To date, NHS has spent \$650,000 toward the development of its business facilities, in addition to the acquisition cost of the Langley property. The Company estimates that the replacement cost of the existing equipment noted above is approximately \$1,500,000. Upgrades to the Langley location will include an operating commercial commissary kitchen, warehouse space, and a cold storage facility. At the present time, work is underway on two fronts.

Firstly, since the spring of 2017, the Company has been in the process of clearing out the peat soil to prepare the footprint for the planned processing, cold storage, and dry storage warehouse space. Up to 80,000 cubic yards of peat will be bulk excavated and the area backfilled with structural fill to support the footprint of the planned warehouse. This is the first step in the construction program for the 50,000 square foot Tilt-up concrete warehouse structure that will provide facilities and infrastructure for the Langley facility's on site tenant-growers and grower/processors from the surrounding community. As part of the Company's objective to increase value to crops and growers, the Langley agricultural campus will also work to include such green initiatives as geothermal heat, solar hot water, a LEED¹-certified warehouse, and intends to use over 70% green building materials. It will blend in with the surrounding area, and is intended to retain a country feel while being functional and efficient.

Secondly, the Company has been actively planning and sourcing the required components for the commercial commissary kitchen. Up to 2,000 square feet of greenhouse space will be re-purposed for the kitchen, to be built in modules using containers. Once fully completed, the Langley agricultural campus will have multiple operating modules to process food into value-added items. Agricultural tenants, culinary users and other clients of the Langley agricultural campus will be able to employ one or more modules as their needs dictate. The anticipated modules will complement the product categories that the Company has identified through the use of market surveys as the most likely to produce steady and consistent revenues. These are:

¹ *Leadership in Energy and Environmental Design*, a leading worldwide, green building certification program established by the U.S Green Building Council.

Table 3 Product Categories

Chocolate/confectionery	Bakery
Sauces & seasonings	Spices
Snacks	Desserts
Sweet spreads	Savoury spreads
Breakfast cereals	Fruits & vegetables
Veggies for baby food	Veggie aspect of seniors foods
Pasta sauces	Honey-based products

Users can process fruits, vegetables, herbs and flowers that are produced on their small farms and operations using different modules to create product. On site agricultural users may also grow their produce using NHS' greenhouse facilities. Fruits, vegetables, herbs and flowers can also be used in secondary modules to produce bulk powders, whole leaves, extracts and sprays. Producers will have the option of running their own processes under the supervision of the Company's staff or having NHS do the processing for them. The Company has identified typical users who might become tenant-growers or culinary users at the facility, here are some examples:

Herb and Spice Growing and Processing

This tenant will grow high value plants like lavender and saffron. After harvesting, she will use appropriate work spaces equipped to dry spices and herbs, extract essential oils and also to create spice blends, then package them in our commercial kitchen to sell for cooking, cosmetic and soap making and store them in optimal conditions on site until she is ready to deliver them to her customers. This business will be able to receive and store packing materials at the Langley facility as well.

Jams and Jellies

This kitchen user makes gourmet jams and jellies using ingredients sourced from local farmers. She sells her homemade jams and jellies at farmers markets, craft fairs, gourmet food stores and to restaurants and bed and breakfast inns. She will create her jams and jellies in one of the bays in the commercial kitchen that is specifically equipped with copper jam kettles, a commercial stove top and kettles for water bath canning. After the jams have cooled, she will transfer the product to the packaging bay to put on labels, pack the jars and get the jams ready for transport and delivery. This will free up the jams and jellies bay for the next user, maximizing revenue from this bay. This business will be able to receive and store produce and packing materials at the Langley facility as well.

Users will be able to take advantage of a variety of support functions to help bring their products to market that will include brand identification, labelling, packaging, distribution, and marketing assistance. The Langley agricultural campus intends to engage qualified and experienced staff who will assist users in the use of the different modules, will ensure that high safety and sanitation standards are met, and will provide supervision in the use of the facilities and equipment to ensure a high-quality experience for each user.

The proposed facility will cover an area of approximately 50,000 square feet and will include a full commercial kitchen, the aforementioned warehouse space, and a cold storage facility. The facility will be constructed in stages, beginning with a modular commercial commissary kitchen to be installed inside a

section of the existing greenhouse structure to allow the Company to begin serving clients and generating revenues while the 50,000 square foot facility footprint is being readied. As this excavation and backfill will not be completed until late 2018, the Company believes that it can best serve its client base, shareholders and other stakeholders by undertaking the construction of a modular commissary kitchen that can later be moved to the facility as construction is undertaken in early to mid-2019.

The modular commissary kitchen will be approximately 2000 square feet. Storage for culinary users will also be added adjacent to this area so they have access to temporary storage for ingredients and a limited quantity of their finished product. The table below sets out the plan for all components of the facility.

In short, the Langley facility will meet a growing demand in the Metro Vancouver and Fraser Valley areas to help smaller growers become more efficient and more productive, implement value-added product lines, and reduce waste.

Table 4 Final Facility Area

Space	Area (Feet²)
Storage/Washrooms	1,000
Cold Storage	2,000
Kitchen	2,000
Temporary Raw Material Storage	2,000
Loading Dock	2,000
Warehouse	40,000
Other (office area)	1,000
Total Development	<u>50,000</u>

Recreational Cannabis

Another potential avenue that the Company is exploring is the propagation, harvesting and value-added processing of cannabis. Once the federal legislation to legalize recreational cannabis has been enacted, the Company intends that the facilities will be suitable for licensed growers. Such growers will be able to grow cannabis at the Langley agricultural campus: cultivating, drying and harvesting the plants, then storing the buds. The grower will lease greenhouse space to grow its plants, along with controlled temperature, light and humidity space for drying, along with general work space to harvest the buds from the dried plants. Harvested buds in optimal condition will be stored in a temperature-, light-, and humidity-controlled storage space. The plants will be owned by the grower; space and equipment will be leased from the Company.

Currently, the Company is focused on preparing the site for the construction of the warehouse and beginning construction on the commissary kitchen.

Staged Build Out

NHS will begin construction of its commercial facilities in stages, beginning with a modular commissary kitchen to be installed in a portion of its existing greenhouse structure. This construction is slated to begin in Q4 2017. The Company intends to expand the facility in Langley, British Columbia with the construction

of the warehouse once the excavation and back fill of the building site has been completed in accordance with the specifications in the Geotechnical Report.

The site preparation is expected to be ongoing throughout the remainder of 2017 and to resume in 2018. Since the site is a peat reserve, excavation can only take place during the dry season. This means that work will halt once the rainy season begins in and around October 2017. It is expected that the excavation and backfill will be approximately 50% complete by this point in time. Work will resume in 2018 Q2 and continue to October 2018 when it is expected to be complete. In Q3 2018, the Company expects to put the warehouse construction out to tender and to set upon raising the required funds to build same with the start of construction anticipated for late Q1/early Q2 2019. The Company has received expressions of interest from contractors and potential investors and expects the improvements to cost of an estimated \$2,000,000 as indicated in the table below entitled “Facility Expenditures”. Excavation costs on the agricultural campus will be covered as the Company has entered into an agreement whereby the excavation, labour and structural backfill will be paid in exchange for the bulk excavation of up to 80,000 cubic yards of peat soil on the property.

The principal activity of the Company over the next 18 months will be the build out of the modular commissary kitchen, placing tenants in the kitchen and the completion of the peat soil removal and replacement with structural backfill.

Modular Commercial Kitchen

Once the weather prevents additional work on the peat soil excavation for 2017, development work on the property will move indoors. The greenhouse space at the facility is currently underutilized and available to host the modular commercial commissary kitchen. The Company intends to use the existing hard surface pad of the greenhouse to support a fully contained kitchen to be built in shipping containers. Shipping containers can be deposited inside the greenhouse building and will provide a fully enclosed space where a commercial kitchen can be built in an existing climate controlled environment with access to existing power and water. The building is already equipped with 3-phase electrical service and plumbing for hot and cold water, existing infrastructure that will mean a cost savings on the installation over the cost of building the kitchen in a separate building.

Once installed, the kitchen facilities will be incorporated into the containers, creating several kitchen bays that will serve multiple users working contemporaneously. The kitchen bays will offer specialized commercial kitchen equipment that small grower/producers need. Multiple containers can be used to accommodate users as needs increase. These will include:

- Two to three confectionery / baking bays
- One dehydrating and drying bay
- One flash freezing bay
- One packaging and labelling bay

Shared Equipment

All users will share a set of stacked commercial convection ovens, two commercial floor mixers, walk in refrigerator space, freezer space and a commercial dishwashing unit. The Company intends to purchase equipment that is gently used at auction or through a used equipment supplier in combination with leasing as a means of saving costs. A budget of \$35,000 has been allocated for the pieces noted here. The cost of plumbing, power and installation is expected to be in the range of \$20,000 for a total expenditure on the communal equipment of \$55,000.

Work Bays

Each work bay will feature equipment particular to the type of work that will be carried out in that work bay. Basic equipment including prep tables, racks and sinks will cost approximately \$1,200 per bay. The cost of installation of sinks and electricals will bring the total cost, including this equipment, to \$3,000 per bay.

Location	Cost		
	Equipment	Installation	Total
Containers delivered and installed inside greenhouse space (combined cost)	\$10,000	\$ 2,000	\$12,000
Plumbing and electrical hookups laid in for commercial kitchen	-	20,000	20,000
Shared equipment (i.e. walk-in cooler, convection ovens, dish pit)	35,000	-	35,000
Common equipment for each of 6 bays	7,200	18,000	25,200
Bay 1 specialty equipment for baking	9,000	1,500	10,500
Bay 2 specialty equipment for candy/chocolate making	12,000	1,500	13,500
Bay 3 specialty equipment for jams, jellies and sauces	8,000	3,000	11,000
Bay 4 specialty equipment for dehydrating and drying	10,000	3,000	13,000
Bay 5 specialty equipment for flash freezing	35,000	6,000	41,000
Bay 6 specialty equipment for filling, packaging and labelling	<u>8,000</u>	<u>500</u>	<u>8,500</u>
	\$134,200	\$55,500	\$189,700

Bays 1 and 6 will be completed first with the other bays being completely equipped as new users sign up and demand increases. Bay 1 can be expected to begin generating revenue immediately upon completion. There is high demand for commercial baking space in Fraser Valley. The revenues that are generated by Bay 1 will be deployed directly into the further build out of the commercial kitchen facilities. This will allow the Company to get the commercial kitchen up and running as leanly as possible.

As noted, the kitchen will generate revenue immediately upon completion of the first two bays. Two existing artisanal food product companies are prepared to move their operations into the facility once it is ready. A third will move into the facility as soon as the flash freezing bay is ready. The Company's existing greenhouse tenant is also expected to use the space.

Users will pay an hourly rate for the use of the facilities and each bay can accommodate multiple users per day. The facility can operate 24/7 to accommodate not only users during the daytime but also to accommodate food trucks which typically need space to do food prep in the very early morning in preparation for the day. They return later in the evening to clean their equipment. Food trucks often have difficulty locating commercial kitchen space due to the need for parking for these larger vehicles and for access to external water sources for the cleaning of equipment. Since the Langley facility is a self-contained property owned and operated by NHS, we can offer exterior parking and cleaning bays for food trucks to use as part of their commissary kitchen user package.

It is expected that each commissary bay will operate on a 24 hour schedule, with the rental fee for peak daytime periods being higher than those hours in the late evening and overnight. Based on 20 hours of paid use for each bay per day, operating daily (i.e. 30 days per month), this amounts to 600 user hours per month at an average rent of \$15.00 per hour which means a fully booked bay can generate up to \$9,000 per month. The current plan is to build out Bay 1 (baking) and Bay 6 (filling and packaging) and for these units to begin generating revenue before the remaining bays are built out. Revenues from the first users will be used to offset costs for the build out of the second set of bays, Bays 2 and 4. Similarly, Bays 3 and 5 will follow once Bays 2 and 4 are generating revenue.

A history of the Company's developing business follows.

Three-Year History

2017

<i>November</i>	Company closes balance of private placement of \$100,000 at \$0.05 per unit and issues 2,000,000 common shares and 2,000,000 warrants with an exercise price of \$0.10 per warrant share expiring 5 years from date of closing.
<i>September</i>	NHS shares distributed to New Age Farm shareholders of record as of the Share Distribution Record Date. NHS becomes a reporting issuer and files Notice of Change in Corporate Structure. NHS renews 1 st mortgage for a term of five years.
<i>August</i>	Company settles out a portion of intercompany loan between itself and its former parent, New Age Farm Inc. New Age Farm issues 3,000,000 common shares of New Age Farm at a deemed price of \$0.10 per share and a promissory note for the balance of \$440,941 that is due on August 1, 2018 to NHS.
	NHS settles \$140,000 accrued interest on 2 nd mortgage into 560,000 post-consolidation shares of the Company at deemed price of \$0.25 per share
<i>July</i>	Greenhouse tenant continues operations. Contractor on site to begin the excavation of the Warehouse footprint and removal of peat for sale. Company settles out Parente Loan and Additional Loan into a total of 8,277,370 post-consolidation shares of the Company at a deemed price of \$0.10 per share. Company closes its 1 st tranche of private placement of \$300,000 at \$0.05 per unit and issues 6,000,000 common shares and 6,000,000 warrants at exercise price of \$0.10 per share expiring 5 years from date of closing.
<i>June</i>	Greenhouse tenant continues operations.
<i>May</i>	Preliminary non-offering prospectus filed with the BCSC
<i>April</i>	Local Langley contractor (the "Contractor") is engaged to begin the site preparation work for the future build out of the planned processing, cold storage, and dry storage warehouse (the "Warehouse").
<i>January</i>	Debts of \$174,480 settled into post-consolidation common shares of NHS at a deemed price of \$0.05 through the issuance of 3,489,600 shares. Greenhouse tenant continues operations. Rent increased to \$8,500 per month. Company enters into subscription agreements with subscribers to raise an aggregate total of \$400,000 through the issuance of 8,000,000 units at \$0.05 per unit, where each unit consists of one post-consolidation common share and one share purchase warrant. Each such warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 for a period of five years.

2016

<i>December</i>	NHS shares consolidated on the basis of one (1) new NHS share for five (5) old NHS shares. Effective date of Plan of Arrangement set at December 30, 2016
<i>November</i>	Share Distribution Record Date for Plan of Arrangement set at November 30, 2016
<i>September</i>	New Age Farm shareholders vote to spin out NHS as a separate company
<i>August</i>	NHS enters into Arrangement Agreement with its parent, New Age Farm and the New Age Farm shareholders.
<i>June</i>	Greenhouse tenant continues operations. Parente Loan comes due and becomes a demand loan.

	Commercial Mortgage balance owing is \$648,126 as at June 30, 2016. NHS enters into agreement with local contractor to exchange services; contractor will remove the peat from the NHS site in Langley and provide backfill for the foundational footprint of future warehouse facility. Contractor will have the right to sell the peat removed to cover costs of excavation and backfill. Any revenue from peat sales over and above the \$2,000,000 value of contract will belong to NHS.
March	Second Mortgage is refinanced in the amount of CAD\$700,000 from a private lender to create a new second mortgage on the Langley site (the “New Second Mortgage”). Proceeds of the New Second Mortgage used to pay out the Second Mortgage. Additional Loan becomes due and becomes a demand loan.

2015

December	Commercial Mortgage balance owing is \$657,345 as at December 31, 2015
July	Requests for proposals invited for the first phase of the site preparation as set out in the geotechnical report on the Langley site NHS receives Geotechnical Report with respect to site preparation and soil stability at the Langley site
June	Greenhouse tenant continues operations.
April	NHS closes on the Second Mortgage. Parente Loan subordinated to Second Mortgage. Additional Loan subordinated to Parente Loan. Farming equipment acquired for the Langley site.
March	Consulting engineers engaged to prepare geotechnical report on Langley site (the “Geotechnical Report”). Prepayment of \$170,000 made on the Additional Loan leaving a balance of \$330,000 which is due and payable on March 31, 2016. NHS enters into a second mortgage on the Langley site in the amount of CAD\$400,000 that bears interest at the rate of 15% per year with a term of one year (the “Second Mortgage”).

2014

August	New Age Farm, NHS’ former parent, begins trading on the CSE on August 18. NHS amalgamated with 0998955 B.C. Limited on August 13, 2014 to become “NHS Industries Ltd.” to become wholly owned subsidiary of New Age Farm.
June	Greenhouse tenant sets up operations at the Langley site. Tenant pays monthly rent for use of facilities in the amount of \$7,000 per month. Carman Parente settles \$600,000 of the Parente Loan thereby reducing balance to \$497,737, with a due date of June 30, 2016.
March	NHS converts an additional existing shareholder loan into non-interest bearing loan in the amount of \$500,000 secured in part against the Langley site, subordinate to the Parente Loan of NHS on March 31, 2016 (the “Additional Loan”). NHS converts an existing shareholder loan to a non-interest bearing loan in the amount of \$1,097,737 secured in part against the Langley site, subordinate to the Commercial Mortgage with Blue Shore Financial and is due and payable to Carman Parente, CEO, of NHS on March 31, 2016 (the “Parente Loan”).
	NHS negotiates a credit facility with Blue Shore Financial for a commercial mortgage with a balance of \$671,235 as of March 31. The commercial mortgage bears interest at 4.25% per annum until October 1, 2017 (the “Commercial Mortgage”).

Asset Backed Securities Outstanding

There are no asset backed securities outstanding.

USE OF AVAILABLE FUNDS

Proceeds

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds.

Working Capital Reconciliation

A reconciliation of working capital from September 30, 2017 to December 31, 2017 is as follows:

Working Capital Reconciliation	
Working capital deficit as of September 30, 2017 ¹	\$ 290,084
Private placement closed November 30, 2017 ²	100,000
Loss on sale of securities of New Age Farm ³	(53,000)
Completion payment paid by New Age Farm ⁴	100,000
Estimated working capital as of December 31, 2017	\$ 437,084

Notes:

1. See the Company's financial statements for the 3 and 9 months ended September 30, 2017.
2. The Company is conducting a private placement of units (the "Units") where each Unit consists of one post-consolidation common share and one whole share purchase warrant at a price of \$0.05 per Unit. Each such warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 for a period of five years.
3. Subsequent to September 30, 2017, NHS disposed of the 3,000,000 common shares of New Age Farm that it received in settlement of a portion of the intercompany loan between New Age Farm and NHS at a price that was below the price recorded in the September 30, 2017 interim financial statements.
4. New Age Farm has paid to the Company a completion payment for its continued and ongoing support of New Age Farm's strategic plan.

Total Available Funds

NHS had working capital of approximately \$437,084 as of December 31, 2017.

Principal Purposes

Available Cash

A. Estimated working capital as of December 31, 2017	437,084
Total Available Funds	\$437,084

Principal Purposes for the twelve months from January 1, 2018 to December 31, 2018

1. General and Administrative Expenses	\$146,000
2. Accounting and Audit	\$25,500
3. Director Fees	\$0
4. Executive Compensation	\$0
5. Consultants and Legal Fees	\$36,000
6. Commercial Kitchen Build Out	\$189,700
7. Unallocated Funds	\$39,884
Total Expenditures	\$437,084

Notes:

- A. See Working capital reconciliation, above.

Notes *continued*:

1. General and Administrative Expenses

<i>General and Administrative Expenses</i>			
<i>What</i>	<i>When</i>	<i>Budgeted Cost</i>	<i>Total</i>
Company to set up administrative offices (in progress)	Dec 2017	\$10,000	
Listing of Company on the Exchange, shares begin trading	Dec 2017	\$12,500	
First shareholder meeting since becoming a reporting issuer	Feb 2018	\$4,500	
CEO to begin promotion of company and its strategic plan to brokers, potential investors and institutional partners; preparation of investor materials.	Feb 2018	\$10,000	
Company to actively seek additional tenants for greenhouse facilities through typical channels such as advertising in agricultural journals, via the BC Farmers Market Association, agricultural real estate listings, etc.	Apr 2018	\$2,000	
File Audited Annual Financial Statements and payment of annual SEDAR/filing fees and of auditor	Apr 2018	\$3,000	
Annual General Meeting	Aug 2018	\$4,500	
Preparation of request for proposals documentation for the proposed warehouse in anticipation of raising funds and putting job out to tender in Q4 2018.	Sep 2018	\$3,500	
Mortgage payments annualized	Oct 2017 to Sep 2018	\$96,000	
			\$146,000

2. Accounting and Audit

Accounting and audit includes the preparation of interim financial statements and reports, the cost of filing and the cost of the annual year-end audit.

3. Director Fees

Each of the four (4) directors will receive a monthly stipend of \$2,000 per month beginning in December 2018 so, for the purpose of the use of funds noted herein, no director fees are payable.

4. Executive Compensation

Each of the CEO and the CFO have entered into management consulting agreements with the Company whereby they will be paid a monthly fee of \$15,000 and \$7,500 respectively. They have agreed to forego such payments until the Company has a minimum of 4 bays operational in the commercial kitchen and they are generating revenue sufficient to allow the Company to make these payments while still meeting all the Company's overhead costs. It is expected that the Company will not begin paying these fees before the end of 2018, as circumstances permit.

5. Consultant and Legal Fees

The Company has entered into senior consulting agreements with C. Lorraine Pike and David A. Johnson. Ms. Pike will provide administrative and governance services to the Company and Mr. Johnson will act as general counsel. Each of these persons is also a member of the board of directors and will provide these services in addition to his or her duties as a director. Each will be paid a fee of \$6,000 per month beginning in December 2018, provided revenues permit.

6. Commercial Kitchen Build Out – see also *Staged Build Out*, above

Kitchen Build Out				
What	When	Budgeted Cost	Total	
Containers delivered and installed inside greenhouse space	Jan 2018	\$12,000		
Plumbing and electrical hookups laid in for commercial kitchen	Jan 2018	\$20,000		
Shared equipment (i.e. walk-in cooler, convection ovens, dish pit)	Jan/Feb 2018	\$35,000		
Bays 1 and 6 equipment and installation	Feb/Mar 2018	\$27,400		
Bays 2 and 4 equipment and installation	Apr/May 2018	\$34,900		
Bays 3 and 5 equipment and installation	Jun/Jul 2018	\$60,400		
				\$189,700

The Company intends to raise additional funds once it is listed on the Exchange to allow it to continue to implement its business plan, including the build out of the warehouse facility. The directors and officers of the Company have agreed to delay receipt of compensation for as long as is necessary to ensure that funds are available for NHS to meet its general and administrative expenses until the end of Fiscal 2018. The Company has set out certain milestones for the implementation of its business plan.

Principal Milestones

Status

2017 Q4

Set up administrative offices	in progress
Company to close 2 nd tranche of Financing to raise the remaining \$100,000 of the total amount of \$400,000	completed
Company renews mortgage for a term of five (5) years	completed
Containers for commercial commissary kitchen delivered and installed inside greenhouse space	planned for January
Excavation work ends for 2017	ended November
Plumbing and electrical hookups laid in for commercial kitchen	planned for Jan 2018

2018 Q1

List Company on the Exchange	Jan/Feb
Installation of common area equipment including walk in cooler, convection ovens and dishwashing pit	planned for Jan/Feb
Installation of kitchen Bays 1 and 6	planned for Feb/Mar
First users move into commercial commissary kitchen	March

2018 Q2

File Audited Annual Financial Statements and payment of annual SEDAR/filing fees and of auditor	April
First rents collected from commercial kitchen users	April
Installation of kitchen Bays 2 and 4	planned for Apr/May
Excavation work resumes on same terms as in 2017	May or June
Installation of kitchen Bays 3 and 5	planned for Jun/Jul

<i>Principal Milestones</i>	<i>Status</i>
2018 Q3	
All 6 kitchen bays are fully operational, tenanted and generating revenue at 75% capacity.	as of July
Annual General Meeting	August
Preparation of request for proposals documentation for the proposed warehouse in anticipation of raising funds and putting job out to tender in Q4 2018.	Sep
2018 Q4	
Construction tenders invited.	Nov
Completion of excavation and backfill of warehouse site on Langley site.	Nov
Sale of any remaining peat after excavation is complete to the benefit of NHS ¹	Dec

Notes:

- ^{1.} The Company is not yet sure how much, if any, peat will be left available for sale by the Company after the excavation is complete, and so no revenue is being included in the budget at this time. Based on the estimated cost of the excavation and the calculated volume of peat moss at the site, the Company estimates that this revenue could range from \$50,000 to \$750,000.

Facility Construction

The commercial kitchen construction is expected to be completed by the end of 2018 Q2 and will cost \$134,200 in equipment costs and \$55,500 in installation costs. These costs will be staged to allow NHS to begin generating revenue from the first phase before beginning installation of the subsequent phases. In this way, the Company will mitigate its risk as it begins to take on tenants and facility users and to offer services.

Warehouse Facility

During 2018, the Company will continue to excavate the peat in preparation for the building of the warehouse facility. The following table sets out the anticipated cost of the warehouse facility construction, expected to begin in 2019. The first tranche of funds for the buildout will be required by Q1 2019. The Company anticipates that the cost will be covered through a combination of private placement financing, possible debt securities, management and shareholder loans, sales of remaining peat after excavation² is complete and/or a construction loan. The Company will also explore the potential of raising funds through a rights offering and/or an offering memorandum to reach the widest possible segment of the investing public.

² As previously noted, the Company is not yet sure how much, if any, peat will be left available for sale by the Company after the excavation is complete, and so no revenue is being included in the budget at this time. Based on the estimated cost of the excavation and the calculated volume of peat moss at the site, the Company estimates that this revenue could range from \$50,000 to \$750,000.

Facility Expenditures	
Item	Cost (\$)
Proposed building ¹	2,000,000
Geothermal installation ²	500,000
Environmental studies ³	25,000
Equipment leasing costs ⁴	50,000
Total Estimated Cost	\$2,575,000

Notes:

1. The Company is anticipating a construction cost of \$50 per square foot for the warehouse facility. Payments to the contractor will be made on the basis of construction milestones achieved. These funds will be raised through a combination of equity/debt financing that will include construction loans and self-funding from revenues.
2. The Company will be applying for grants to offset the cost of the installation of the geothermal plant and will build this either at the time of construction or retrofit it when the grant monies are awarded. For the purpose of the fund raising to build the warehouse, this amount has been omitted.
3. These costs will be covered from the capital raise and/or company revenues in 2018.
4. The Company will lease the required equipment for the warehouse to conserve cash rather than purchasing this equipment.

Total Other Funds Available

There are no other funds available to the Company, other than as set out above being the \$400,000 private placement and the cash that can be realized from the sale of the 3,000,000 common shares of New Age Farm.

The Company holds a promissory note from New Age Farm in the amount of \$440,941, due and payable on August 1, 2018. New Age Farm is moving into its initial revenue phase in 2017 which will place it in a position to pay out the promissory note on time.

Unallocated Funds in Trust or in Escrow

There are no unallocated funds in trust or in escrow.

Other Sources of Funding

There are no other sources of funding.

DIVIDEND POLICY

The Company has not paid any dividends on its common shares, and the Board does not expect to declare or pay any dividends on the common shares in the foreseeable future. Payment of any dividends will be dependent upon the Company's future earnings, its financial condition, and other factors that the Board determines are relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis and interim financial statements for the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015 are included in Schedule B to this Prospectus and should be read in conjunction with the audited annual financial statements of the Company and the related notes thereto included in this Prospectus and to which the management's discussion and analysis relates.

All of the information presented in the management's discussion and analysis is based on the annual financial statements, which were prepared in accordance with IFRS. All amounts included in the management's discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

DESCRIPTION OF SECURITIES

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares. Each Common Share is equal to every other Common Share with respect to all rights and restrictions.

NHS completed a consolidation of the NHS Shares as of the Share Distribution Record Date on the basis of one (1) new NHS Share for up to five (5) old NHS Shares.

The Company had 6,882,885 Common Shares issued and outstanding with the same rights as the current NHS Shareholders as of December 31, 2016. Following the debt settlements and private placement financing, the number shares has increased to 27,209,855. Holders of Common Shares are entitled to one vote per share upon all matters on which they have the right to vote. The Common Shares do not have preemptive rights and are not subject to redemption or retraction provisions. The Company may, if authorized by the directors, purchase or otherwise acquire any of its Common Shares at a price and upon the terms determined by the directors. Holders of the Common Shares are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. In the event of dissolution or winding up of the affairs of the Company, holders of the Common Shares are entitled to share rateably in all assets of the Company remaining after payment of all amounts due to creditors.

CONSOLIDATED CAPITALIZATION

As of the Company's most recently completed financial period ended September 30, 2017, the Company had 25,209,855 Common Shares issued and outstanding. On November 30, 2017, the Company closed remaining private placements and issued 2,000,000 Common Shares and 2,000,000 warrants. Therefore, as of January 29, 2018 the Company had 27,209,855 issued and outstanding Common Shares.

The following table sets forth the share and loan capital of the Company as at the dates shown below. The table should be read in conjunction with, and is qualified in its entirety by, the Company's audited financial statements as at and for the years ended December 31, 2016 and 2015.

	Authorized Capital	Outstanding as at September 30, 2017	Outstanding at December 31, 2016 after giving effect to the Arrangement	Outstanding at December 31, 2016 prior to giving effect to the Arrangement
Common Shares	Unlimited	25,209,855	6,882,885	34,414,424
Warrants		6,000,000	Nil	Nil
Options	2,520,985	Nil	Nil	Nil
1 st Mortgage		\$624,070	\$638,655	\$638,655
2 nd Mortgage		\$700,000	\$700,000	\$700,000
Other Debts		Nil	\$972,217.36	\$972,217.36

OPTIONS TO PURCHASE SECURITIES

There are no stock options issued by the Company under its incentive stock option plan as of the date of this Prospectus. As of the date of this Prospectus there are 2,720,985 stock options authorized and available to be issued, representing 10% of the issued and outstanding shares of the Company, in accordance with the Company's stock option plan as approved by the shareholders at the New Age Farm Meeting.

PRIOR SALES

From the date of incorporation to the date hereof, the Company has completed a series of private placements of Common Shares and debt settlements for shares in Canada which are set out in the table below. These shares are all validly issued and outstanding after the completion of the Plan of Arrangement.

Date	Description	Price Per Share	Shares Issued		Proceeds
May 4, 2001	Incorporation shares	\$0.10	10	\$	1
December 1, 2013	Shares issued for debts	\$0.03	66,826,081		2,004,782
March 31, 2014	Shares returned for cancellation	\$0.03	(41,666,667)		(1,250,000)
March 2014	Shares issued for debts	\$0.03	1,000,000		30,000
April 8, 2014	Shares issued for debts	\$0.03	1,000,000		30,000
June 30, 2014	Shares issued for secured notes	\$0.10	6,000,000		600,000
July 15, 2014	Shares issued for cash	\$0.10	1,255,000		125,500
December 31, 2016	Subtotal prior to Plan Of Arrangement		34,414,424		1,540,283
December 31, 2016	Share consolidation 5:1		(27,531,539)		-
December 31, 2016	Total Balance As At December 31, 2016 ¹		6,882,885		1,540,283
January 15, 2017	Shares issued for debt	\$0.05	3,489,600		174,480
July 31, 2017	Shares issued for cash – 1 st tranche	\$0.05	6,000,000		300,000
July 31, 2017	Shares issued for secured debt	\$0.10	8,277,370		827,737
August 31, 2017	Shares issued to settle accrued interest payable	\$0.25	560,000		140,000
November 30, 2017	Shares issued for cash – 2 nd tranche	\$0.05	2,000,000		100,000
	Balance as at January 29, 2018		27,209,855		\$3,082,500

¹ These shares are issued on a pro-rata basis to the shareholders of New Age Farm, the Company's former parent, pursuant to the Plan of Arrangement.

Trading Price and Volume

The Company's Common Shares currently do not trade on any listed stock exchange. The Company has applied to be listed on the Canadian Securities Exchange.

ESCROWED SECURITIES

The Company has an escrow agreement in place with its two Named Executive Officers concerning the total number of shares set out below.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	14,696,380	59.62%
Shares owned by Carman Parente, CEO and subject to escrow	97,918 ¹	
Shares controlled by Carman Parente, CEO and subject to escrow	12,802,681 ²	
Shares owned by Anthony Chan, CFO and subject to escrow	45,637 ¹	
Shares controlled by Anthony Chan, CFO and subject to escrow	1,730,585 ³	
Shares controlled by Anthony Chan, CFO and subject to escrow	19,559 ⁴	
Total Common Shares Subject to Escrow	14,696,380	

Notes

- 1 These shares are held in the officer's personal name.
- 2 These 12,802,681 shares are held by 567147 BC Ltd., a company controlled by the CEO.
- 3 These 1,730,585 shares are held by Switch168 Communications Corp., a company controlled by the CFO.
- 4 These 19,559 shares are held by 0941655 BC Ltd., a company controlled by the CFO.

The Company intends to use its transfer agent, Computershare, as the depository for the Escrowed Securities. The securities will be released from escrow on the following schedule:

On the date the Company's securities are listed on the CSE (the Listing date)	1/10 of escrow securities	1,469,638
6 months after the Listing date	1/6 of remaining escrow securities	2,204,457
12 months after the Listing date	1/5 of remaining escrow securities	2,204,457
18 months after the Listing date	1/4 of remaining escrow securities	2,204,457
24 months after the Listing date	1/3 of remaining escrow securities	2,204,457
30 months after the Listing date	1/2 of remaining escrow securities	2,204,457
36 months after the Listing date	remaining escrow securities	2,204,457

PRINCIPAL SECURITY HOLDERS

To the knowledge of management of the Company, no person or company is anticipated to own of record or beneficially, or exercise control or direction over, directly or indirectly, of more than 10% of any class of voting securities of NHS upon completion of the Arrangement, save and except as set out below.

	New Age Farm Shares held as of Share Distribution Record Date multiplied by conversion factor of 0.065195	Shares issued post consolidation pursuant to private placements and/or debt settlements	Total shares beneficially held or over which shareholder has control or direction	Percentage ownership
Carman Parente 567147 BC Ltd. ¹	97,918 1,470,711	1,354,600 ² 4,977,370 ³ 5,000,000 ⁴		
		TOTAL	12,900,599	52.34%

Notes

¹ This company is controlled by Carman Parente, a director and CEO of the Company.

² Shares issued in settlement of \$67,730 in debt owed to the CEO at \$0.05 per share.

³ Shares issued in settlement of the Parente Loan at \$0.10 per share.

⁴ Shares issued pursuant to subscription in a private placement at \$0.05 per share.

DIRECTORS AND OFFICERS

Name and Place of Residence	Present and Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date of Appointment
Carman Parente Director Chief Executive Officer Age: 64 North Vancouver, BC, Canada	<p>Mr. Parente has been President and CEO of New Age Farm since its inception in 2013. From 2011 to 2013, Mr. Parente was President and Director of Five Nines Ventures Ltd., a publicly traded mining company listed on the CSE. He resigned in order to devote more time to New Age Farm. In 2007, Mr. Parente founded and became the President of NHS Industries Inc., now a fully owned subsidiary of the Company, which owns a five-and-one-half acre greenhouse growing facility. In 2005, Mr. Parente founded Natural Health Solutions, Inc., and has served as its President since that time; the company manufactures and distributes natural health supplements and nutraceuticals across Canada. His experience with New Age Farm and in the field of natural health product manufacturing has provided him with the knowledge, skills and insights required to bring NHS to its full operational potential.</p> <p>Mr. Parente intends to devote at least 50% of his time to NHS once it becomes listed and will scale back his involvement with other enterprises if necessary to ensure he has sufficient time to devote to NHS. Mr. Parente is an independent contractor and has agreed to certain non-competition and non-disclosure provisions within his management contract with NHS.</p>	12,900,599 ⁽²⁾⁽⁴⁾ 47.38%	Director and CEO since January 1, 2010
Anthony Chan ⁽¹⁾ Director Chief Financial Officer Age: 53 Burnaby, BC, Canada	<p>Mr. Chan is a chartered accountant and has been the principal of his own chartered accountancy firm since 2004, providing audit services and financial consulting services to companies listed on the CSE and the TSX Venture Exchange.</p> <p>Mr. Chan expects to devote approximately 25% of his time to his duties with NHS. Mr. Chan is an independent contractor and has agreed to certain non-competition and non-disclosure provisions within his management contract with NHS.</p>	1,795,780 ⁽³⁾⁽⁴⁾ 6.60%	Director and CFO since November 30, 2016
Lorraine Pike ⁽¹⁾ Director Age: 59 Langley, BC, Canada	<p>Ms. Pike has more than 20 years' experience in administration and corporate governance. She is an experienced governance professional and served as Corporate Secretary of Barkerville Gold Mines Ltd. (TSXV: BGM) between 2012 and 2014. Since 2014, she has concentrated on growing her consulting business and provides governance and corporate secretarial services to a number of companies working closely with senior management and boards of directors of junior issuers and startup companies. She holds a Bachelor of Commerce degree in management and leadership, and certificates as a corporate and securities paralegal as well as in general/personnel management and records management. In addition to her consulting work, she is active in the local food and farmers' market movement as the co-owner of an artisan food business with her daughter since 2014. She has a depth and breadth of understanding with respect to the needs and issues facing small scale food producers from</p>	58,675 ⁽⁴⁾ <1%	Director since November 30, 2016

Name and Place of Residence	Present and Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date of Appointment
	<p>her personal and hands on experience as well as from talking to and networking with other producers.</p> <p>Ms. Pike expects to devote approximately 25% of her time to her duties with NHS. Her duties will include governance, communications oversight and administrative duties. Ms. Pike is an independent contractor and has agreed to certain non-competition and non-disclosure provisions within her management contract with NHS.</p>		
David A. Johnson ⁽¹⁾ Director Age: 48 Hannover, Germany	<p>Mr. Johnson is an attorney and trade-mark agent specializing in corporate law, commercial transactions and intellectual property. Mr. Johnson has several years' experience at the senior management and board level in a variety of companies in public and private corporations and not for profit organizations. Mr. Johnson holds a Bachelor of Arts (Hons.) from Queen's University, a Master of Urban Planning (M.U.P.), Bachelor of Common Law (LL.B.) and a Bachelor of Civil Law (B.C.L.) from McGill University. He has completed the Directors' Education Program at the Rotman School of Management, University of Toronto and has been certified at the Institute of Corporate Directors, (ICD.D), and also completed the International Executive Program for Mining Leadership at the School of Business, Queen's University, a Certificate in Mining Law at Osgoode Hall, York University and the Business Leadership Program for In-House Counsel at the Rotman School of Management, University of Toronto and has been certified by the Canadian Corporate Counsel Association (CIC.C).</p> <p>Mr. Johnson intends to devote approximately 10% of his time to NHS. Mr. Johnson will serve as a director of the Company and will also be responsible for providing in-house legal counsel to the members of the board of directors on an ongoing basis. Mr. Johnson is an independent contractor and has agreed to certain non-competition and non-disclosure provisions within his management contract with NHS.</p>		Director since November 30, 2016

Notes:

- (1) Member of the Audit Committee
- (2) These shares are held by 567147 B.C. Ltd., a private holding company owned 100% by Carman Parente
- (3) These shares are held by Switch 168 Communications Corp. and 0941655 B.C. Ltd., two private holding companies owned 100% by Anthony Chan as well as a portion held directly by him.
- (4) All shareholdings are on a post-arrangement basis.

The terms of the foregoing director and officer appointments shall expire at the next annual shareholders meeting.

Aggregate Ownership of Securities

The directors and officers of the Company, as a group, directly or indirectly, beneficially own 14,755,055 Common Shares on a post-arrangement basis, representing approximately 54.19% of the issued and outstanding Common Shares of the Company on an undiluted basis.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors, officers or other members of management of the Company has, within the past ten years, been a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days except for the following two (2) instances:

- (i) in June 2008, Mr. Parente joined the board of directors and management team of Carbon Products Industries Inc. (“CPI”), a company registered in the State of Nevada that trades on the Over the Counter (“OTC”) markets in the United States. CPI is a reporting issuer under British Columbia securities legislation. Mr. Parente was engaged with the mandate to assist that company with an audit and balance sheet cleanup with the ultimate goal being the funding and setup of operations to build CPI into a viable operation. Fernandez Young LLP was engaged to initiate the audit and prepare business models. Unfortunately, this attempt was unsuccessful due to the discovery that the issues were more serious than originally expected, coupled with the 2008 economic downturn that completely hampered CPI’s ability to raise funds. Mr. Parente did not sell any shares of CPI during this process. On August 18, 2009, the BCSC cease traded CPI for failure to file certain records required under NI 51-102. Such cease trade is still in effect as of the date of this Prospectus. Mr. Parente continued to try to remedy the cease trade order, including contacting Fernandez Young LLP in January 2011 to reattempt the corporate reorganization of CPI and entered discussions with the law firm of Randolph Linehan & Associates of Rancho Mirage, CA, to represent CPI. During this time he attempted unsuccessfully to obtain CPI’s historic tax records from the U.S. Internal Revenue Services. As of the date of this Prospectus, CPI remains cease traded by the BCSC and legal assistance has been sought regarding a potential dissolution of CPI. Mr. Parente resigned from CPI in November 2013;
- (ii) At the time Mr. Parente joined the board of directors of NT Mining Corporation (“NT”), a company registered in the State of Nevada that trades on the OTC market in the United States, it had already been cease traded by the British Columbia Securities Commission. NT is a reporting issuer under British Columbia securities legislation. Such cease trade order having been issued on August 18, 2009. After joining NT, Mr. Parente was successful in obtaining a full revocation of such cease trade order on December 27, 2012. Mr. Parente resigned from NT in November 2013;
- (iii) In April 2013, Ms. Pike was appointed corporate secretary of Barkerville Gold Mines Ltd., a company which was cease traded at the time of her appointment. The cease trade order was revoked on July 15, 2013;

- (iv) in December 2016, Mr. Johnson joined the board of directors of CDN Jade Mine Resources Inc. (“Jade”), a company registered in the Province of British Columbia and is a reporting issuer under British Columbia securities legislation. Jade’s stock does not trade on any market or exchange at this time. Jade was cease traded in July 2017 for failing to file its annual audited financial statements, annual management’s discussion and analysis and the certifications of its annual filings. Mr. Johnson resigned as a director of Jade in July 2017, at a time when the cease trade order had been in effect for less than thirty (30) days. The cease trade order is still in effect as of the date of this Prospectus; and
- (v) in July 2009, Mr. Johnson joined the board of directors of Colt Resources Inc. (“Colt”) and became an officer of Colt in December 2009, a company registered in the Province of British Columbia and subsequently continued federally in September 2011 and trades on the TSX Venture Exchange. Mr. Johnson resigned from the board of directors of Colt in August 2013 but remains an officer of Colt. Colt was cease traded in May 2017 for failing to file its annual audited financial statements, annual management’s discussion and analysis and the certifications of its annual filings. The cease trade order is still in effect as of the date of this Prospectus.

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manger or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No director or executive officer of the Company has, within the past ten years, been subject to any penalties or sanctions imposed by a court or by a securities regulator authority relating to securities legislation or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No current or proposed director of the Company has, within the past ten years, been declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manger or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company holding positions as directors or officers of other companies. Some of the directors and officers have been, and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and behalf of other companies, and situations may arise where directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies of the BCCA.

EXECUTIVE COMPENSATION

Named Executive Officers

As defined under applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended December 31, 2016 as set out below:

Carman Parente: President and Chief Executive Officer since January 1, 2010.

Anthony Chan: Chief Financial Officer since November 30, 2016.

Summary Compensation Table

The following table sets out certain information respecting the compensation paid to the CEO and CFO, since the Company's inception. As at December 31, 2016, no officers, other than as set out below, had a total compensation of more than \$150,000 per year. These individuals are referred to collectively as the "Named Executive Officers" or "NEOs."

Amounts reported in the tables that follow are in CAD dollars and further details and explanations as may be required are provided in the footnotes on each page.

Director and named executive officer compensation, excluding compensation securities

Name and principal position	Year	Salary	Share based Awards	Option Based Awards	Non-equity incentive plan compensation		Pension Value	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Carman Parente <i>President and CEO Director</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
	2015	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
Anthony Chan <i>CFO Director</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
C. Lorraine Pike <i>Consultant Director</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
David A. Johnson <i>General Counsel Director</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-

Stock options and other compensation securities

As of the date of this prospectus, the Company has not granted any stock options.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Carman Parente, <i>Director, President & CEO</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
Anthony Chan, <i>Director and CFO</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
Lorraine Pike, <i>Director and Consultant</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
David Johnson, <i>Director and General Counsel</i>	2016	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-

The following table sets out each exercise by a director or named executive officer of compensation securities during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Carman Parente, <i>Director, President & CEO</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Anthony Chan, <i>Director and CFO</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lorraine Pike, <i>Director and Consultant</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
David Johnson, <i>Director and General Counsel</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Stock option plans and other incentive plans

The Board of Directors has approved the NHS Stock Option Plan as of March 1, 2017, a copy of which is available under the Company's SEDAR profile at www.sedar.com.

As of the date of this Prospectus, there have been no stock options awarded under the NHS Stock Option Plan. The following is a summary of the material terms of the NHS Stock Option Plan:

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the NHS Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares.

Maximum Term of Options. The term of any options granted under the NHS Stock Option Plan is fixed by the Board of Directors and may not exceed ten years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the NHS Stock Option Plan is determined by the Board of Directors, provided that it is not less than the price permitted by the CSE or such other exchange on which the shares may be listed.

Amendment. The Board of Directors may amend the NHS Stock Option Plan at any time; however, an amendment may not be made without shareholder approval if shareholder approval is necessary to comply with applicable regulatory requirements.

Vesting. The Board of Directors may determine vesting terms, if any.

Termination. Any options granted under the NHS Stock Option Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant), that cannot be in excess of one year after the option holder ceases to act as a director, officer, employee or consultant of NHS or any of its affiliates, unless he or she ceases to act on account of death, disability or termination of employment with cause. If a cessation is on account of disability or death, the options terminate on the first anniversary of the cessation, and if it is on account of termination of employment with cause, the options terminate immediately.

Administration. The NHS Stock Option Plan is administered by the Board of Directors of the Company and the Compensation Committee or an employee or senior officer to which such authority is delegated by the Board from time to time.

Board Discretion. The NHS Stock Option Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options will be determined by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with exchange requirements.

Employment, consulting and management agreements

The directors and executive officers perform all management functions of the Company and the Company has no management agreements or arrangements with any other persons to perform or provide these functions.

Effective May 1, 2017, each of Carman Parente, President and CEO, Anthony Chan, CFO (each a “Management Consulting Agreement”), and with Lorraine Pike, Consultant and David Johnson, General Counsel (each a “Consulting Agreement”); entered into a consulting agreement with the Company. Each Management Consulting Agreement and Consulting Agreement contemplates an award of stock options to each of the four individuals upon the Listing of the Company on the CSE. As of the date of the Prospectus, the Company has received conditional approval to list on the CSE and no stock options have been awarded.

Management Consulting Agreements

The Management Consulting Agreements set out the following fees payable:

NEO	Consulting Fee	Additional Amounts
Carman Parente, President & CEO	\$15,000 per month	Listing Bonus: 500,000 Common Shares in the Company Grant of 250,000 stock options
Anthony Chan, CFO	\$7,500 per month	Listing Bonus: 500,000 Common Shares in the Company Grant of 150,000 stock options

The Management Consulting Agreements both contain the same clauses and provisions with respect the length of the agreement. Consulting fees will not be paid for the first ninety (90) days of the Management Consulting Agreement. Thereafter, the NEO will receive consulting fees half in cash and in Common Shares of the Company subject to securities laws and regulations as well as Exchange policies. With respect to termination and change of control, the President and CEO’s Management Consulting Agreement has an amount due based on eighteen (18) months’ fees and the CFO’s Management Consulting Agreement has an amount due based on twelve (12) months’ fees. Each of the Management Consulting Agreements is for a three-year term (May 1, 2017 to April 30, 2020) and will renew automatically for subsequent three (3) year terms. Either party may terminate the Management Consulting Agreement by notifying the other party in writing at least 90 calendar days prior to the end of the term of the Management Consulting Agreement of its intent not to renew. The Management Consulting Agreements contain provisions for dismissal without cause or on change of control as set out in the table below:

Why Terminated	Obligation
Terminated with cause	<p>The NEO will be paid any monies owed for services already performed and will be paid the termination fee (the “Termination Fee”) as set out in the Management Consulting Agreement, which is comprised of, at the Company’s election, grant of a one-year term to exercise vested options with a right to employ ‘net exercise’ or buy-out of any vested stock options for a price equal to the fair market value of the Company’s shares, determined for the 10 days preceding termination and as determined in accordance with accounting principles, multiplied by the number of share options vested less the exercise price thereof, except in the case of fraud or gross negligence.</p> <p>In the event that the NEO is terminated for cause, he will have the right to receive the Termination Fee regardless of the reason for termination, but, and only, without prejudice to any rights of counter-claim in the event of damages for fraud or gross negligence and without prejudice to the right to recovery for such in the event of judgment (which may not be deducted from Termination Fee amounts payable but may only be recovered once adjudged).</p>

Why Terminated	Obligation
Terminated without cause	The NEO will be entitled to the Termination Fee plus one year's average compensation for the CFO and one and half year's average compensation for the CEO. In addition, the NEO has the option of a cashless exercise of any vested options.
Terminated due to change in control the Company or its assets are sold for cash or stock or a merger or amalgamation	The NEO will be entitled to receive the Termination Fee multiplied by a factor of two (2) and two (2%) percent of the aggregate value of a sale of the Company or the company assets.

If the Management Consulting Agreements were to be terminated effective as of the date of this Prospectus, the Company would be required to pay the following amounts to the NEOs:

NEO	Amount Due on Termination
Carman Parente	\$ 270,000
Anthony Chan	\$ 90,000

General Consulting Agreements

The Consulting Agreements set out the following fees payable:

Consultant	Consulting Fee	Additional Amounts
Lorraine Pike, Consultant	\$6,000 per month	Listing Bonus: 500,000 Common Shares in the Company Grant of 100,000 stock options
David Johnson, General Counsel	\$6,000 per month	Listing Bonus: 500,000 Common Shares in the Company Grant of 100,000 stock options

The Consulting Agreements both contain the same clauses and provisions with respect the length of the agreement, termination, and change of control. Consulting fees will not paid for the first ninety (90) days of the Consulting Agreement. Thereafter, the Consultant will receive consulting fees half in cash and in Common Shares of the Company subject to securities laws and regulations as well as Exchange policies. Each of the Consulting Agreements is for a three-year term (May 1, 2017 to April 30, 2020) and will renew automatically for subsequent three (3) year terms. Either party may terminate the Consulting Agreement by notifying the other party in writing at least 90 calendar days prior to the end of the term of the Consulting Agreement of its intent not to renew. The Consulting Agreements contain provisions for dismissal without cause or on change of control as set out in the table below:

Why Terminated	Obligation
Terminated with cause	<p>The Consultant will be paid any monies owed for services already performed and will be paid the termination fee (the “Termination Fee”) as set out in the Management Consulting Agreement, which is comprised of, at the Company’s election grant of a one year term to exercise vested options with a right to employ ‘net exercise’ or buy-out of any vested stock options for a price equal to the fair market value of the Company’s shares, determined for the 10 days preceding termination and as determined in accordance with accounting principles, multiplied by the number of share options vested less the exercise price thereof, except in the case of fraud or gross negligence.</p> <p>In the event that the Consultant is terminated for cause, he will have the right to receive the Termination Fee regardless of the reason for termination, but, and only, without prejudice to any rights of counter-claim in the event of damages for fraud or gross negligence and without prejudice to the right to recovery for such in the event of judgment (which may not be deducted from Termination Fee amounts payable but may only be recovered once adjudged).</p>
Terminated without cause	The Consultant will be entitled to the Termination Fee plus one year’s average compensation. In addition, the NEO has the option of a cashless exercise of any vested options.
Terminated due to change in control the Company or its assets are sold for cash or stock or a merger or amalgamation	The Consultant will be entitled to receive the Termination Fee multiplied by a factor of two (2) and two (2%) percent of the aggregate value of a sale of the Company or the company assets.

If the Consulting Agreements were to be terminated effective as of the date of this Prospectus, the Company would be required to pay the following amounts to the Consultants:

Consultant	Amount Due on Termination
Lorraine Pike	\$ 72,000
David Johnson	\$ 72,000

Given the current financial situation and stage of development of the Company each of the directors, officers and consultants named herein have agreed to defer receipt of payment of any fees until December 1, 2018 as set out in the table, *Principal Purposes*, earlier in this Prospectus. They do not anticipate receiving any fees for the period between the date of this prospectus and December 1, 2018 save and except for reasonable expenses incurred in carrying out their roles.

Director Fees

Each director of the board of directors of the Company will receive a \$2,000 per month director fee as of December 1, 2018. There are no additional fees for membership or chairpersonship on any of the committees. All members of the board are expected to participate in the work of the committees.

Oversight and description of director and named executive officer compensation

Given the Company's current size and stage of development, the Board has not appointed a compensation committee and accordingly the Board as a whole is responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting in respect of their own compensation thereby providing any independent members of the Board with considerable input as to executive compensation.

The Board reviews, on an annual basis, the corporate goals and objectives relevant to executive compensation, evaluates each executive officer's performance in light of those goals and objectives and sets the executive officer's compensation level based, in part, on this evaluation. The Board takes into consideration the Company's overall performance, shareholder returns, and the awards given to executive officers in past years. The Board also considers the value of similar incentive awards to executive officers at comparable listed companies, however, as of the date of this Prospectus, no specific companies or selection criteria for the establishment of a benchmark group have been identified by the Board.

Executive Compensation Program

The Board's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to the success of the Company and may include a "pay-for-performance" element which supports the Company's commitment to delivering strong performance for the Shareholders. We believe that adequate and appropriate compensation for our executive officers is key to ensuring the continuity of high quality management who will provide strong leadership and stewardship for the Company.

The Board and its committees must also address the risks associated with the overall executive compensation program. The Audit Committee is responsible for assessing the risks which may arise from the Company's compensation policies and practices and as of the date of this Prospectus they have completed an initial risk assessment with respect to base fees and incentive option grants and the risks they have identified are addressed under their respective headings. The committees intend to conduct a review and report to the Board more fully on these risks and on ways to mitigate these risks as required.

Executive compensation is comprised of three elements: base fees (may be consulting fees) or salary, short-term incentive compensation (discretionary cash bonuses) and long-term incentive compensation (stock options).

At the present time, the compensation program is designed to reward the following objectives:

1. The ongoing day-to-day commitment of our executive team in managing the Company's affairs, fulfilling their job responsibilities, and advancing its business plan. This objective is covered by the base fees paid to our two NEO's; see *Management Contracts* for further details; and
2. The commitment to long-term growth and increased shareholder value as determined through the Company's share price. This objective is covered through the awarding of stock options under our Stock Option Plan. Full details of options awarded to our NEO's are set out under *Incentive Plan Awards*.

Base Fees and Discretionary Bonuses

Base fees or salaries are compensation for ongoing job responsibilities and reflect the level of skills, experience, expertise, and capabilities demonstrated by the executive officers. Executive officers and the board of directors, meet to determine what both sides consider to be fair and reasonable base fees. The board of directors must give final approval of these compensation arrangements. When considering the base compensation to be paid to executive officers the Company must consider the risk that, if the compensation is not adequate, it might result in a high turnover rate of executive officers which could be detrimental to the Company. As an early stage enterprise, however, it is necessary to strike a balance in this regard so that the compensation is not so high that the Company is unable to meet its obligations to its executive officers over the long term which could result in loss of that officer and the corporate knowledge and expertise that officer represents.

Executive officers are also eligible to receive discretionary bonuses as determined by the Board based on each officer's responsibilities, his achievement of individual and corporate objectives, and the Company's financial performance. Cash bonuses are intended to reward the executive officers for meeting or exceeding individual and corporate performance objectives set by the Board. As at the date of this Prospectus, the Company has not paid out any such bonuses and has not set any objectives whereby our executive officers might earn such bonuses at this time, other than as noted herein. It is the intention of the Board to review this element of New Age Farm's compensation program during fiscal 2018 to determine the impact, including the benefits and risks that offering short-term incentives to our executives would have on the overall performance of the Company and its management team.

Stock options are an important part of the Company's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Company's shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance as measured through the price of the Company's shares and enables executives to acquire and maintain an ownership position in the Company.

Option Based Awards

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan to receive grants of stock options. The Board as a whole approves individual stock option grants and the size of the option grant is dependent on, among other things, each officer's level of responsibility, authority, and importance to the Company and the degree to which an officer's long-term contribution to the Company is crucial to its overall long-term success.

Periodic stock option grants ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Company. Before considering further grants, the Board will evaluate the number of options already granted to that officer, the exercise price of the options, and the term remaining on those options. In granting options, the Board might also reference the number of stock options granted to officers of other publicly traded companies that, similar to the Company, are involved in the agricultural land banking industry; or those of other publicly traded Canadian companies of a comparable size to that of the Company in respect of assets. In addition, the Board may consider the effort, time, responsibility, ability, experience, and level of commitment of the executive officer in determining the level of incentive stock option compensation.

Option grants may include vesting provisions thereby encouraging officers to put forth their best efforts to improve the overall performance of the Company, thus increasing share price. In considering the periods for vesting of stock options and for overall stock option grants, the Board must take into account whether these periods could lead to unnecessary or inappropriate risk-taking or short-term decision making. With

these considerations in mind, options are generally granted for periods greater than five years thereby encouraging the Board and Management to think of building value over the long-term rather than to take short-term risks. See *Incentive Plan Awards* below.

Options are usually priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire two to ten years from the date of grant. The Company does not have a policy in place whereby a director or executive officer is allowed to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

The Company has a formalized stock option plan for the granting of incentive stock options to its officers, employees, consultants, and Directors.

Benefits and Perquisites

In general, the Company will provide a specific benefit or perquisite when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. The limited perquisites the Company provides its executives may include a parking allowance or a fee for each Board or Audit Committee meeting attended, to assist with their out-of-pocket costs, such benefits and perquisites are set out, respectively, in the Summary Compensation Table below.

Performance Goals and Executive Team

The executive team is comprised of Carman Parente, President and CEO and Anthony Chan, CFO.

As founder of the Company, Mr. Parente was the first to be appointed to the position of President and CEO and has entered into a consulting agreement with the Company to provide services on an ongoing basis to develop the Company's business plan and meet certain strategic goals. Mr. Parente devotes 50% of his time to the affairs of the Company.

Mr. Chan was appointed CFO in November 2016. Mr. Chan is a consultant who provides approximately 25% of his time to his duties with NHS. As the CFO, Mr. Chan is the executive responsible for ensuring the financial health of the Company through financial and risk management, the development of a financial and operational strategy, and the ongoing monitoring of systems designed to preserve the Company's assets and report accurate financial results.

Pension Plan Benefits

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director, executive officer or employee of the Company or their respective associates or affiliates is or has been indebted to the Company at any time.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee Charter, Composition and Relevant Education and Experience

NHS's Audit Committee is governed by its charter that is annexed as Schedule "A" to this Prospectus.

The Audit Committee is comprised of the following directors: C. Lorraine Pike, David A. Johnson and Anthony Chan. C. Lorraine Pike and David A. Johnson are considered "independent" and all of the are "financially literate" within the meaning of Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees* ("NI 52-110").

The education and experience of each Audit Committee member that is relevant to the performance of his and her responsibilities is as follows:

Name	Determination of Independence and Financial Literacy
C. Lorraine Pike <i>Audit Committee Chair</i> Independent	Ms. Pike is an independent business consultant specializing in corporate administration and governance and holds a Bachelor of Commerce degree. She has been involved in all aspects of financial decision-making and brings a level of knowledge and range of business experience that will assist the committee in its oversight role and assist it in making informed decisions. Her business education includes courses in accounting and finance and she has been responsible for or assisted in the preparation of financial statements for both listed and private companies. She is trained in the use of accounting software, has acted as internal accountant/bookkeeper for a number of companies and has been involved at a senior level in the preparation of interim and annual financial reports, and in writing MD&A documents. She has also assisted issuers to establish internal controls required to ensure accurate and timely financial reporting in the early startup stage and as a company develops.
David A. Johnson <i>Audit Committee Member</i> Independent	Mr. Johnson is an attorney and trademark agent with over 10 years' experience advising directors and senior officers of public and private companies as well as acting on several boards over the years. He has extensive experience with public companies with an emphasis on mergers and acquisitions, securities and capital markets transactions and corporate governance in the mining and exploration industries. Mr. Johnson has taken: "Financial Literacy" in conjunction with the <i>Business Leadership Program for In-House Counsel</i> offered jointly by the Rotman School of Management at the University of Toronto and the Canadian Corporate Counsel Association; "Financial Reporting and Directors' Responsibilities" and "Audit Committee: Monitoring and Disclosure" in conjunction with the <i>Directors' Education Program</i> offered jointly by the Rotman School of Management at the University of Toronto and the Institute of Corporate Directors; and "Introduction to the Q-T and Financial Accounting" in conjunction with the <i>International Executive Program in Mining Leadership</i> offered by Queen's University. Additionally, Mr. Johnson has been a member of Audit Committees continuously since 2008 on several public companies and reporting issuers namely: Colt Resources Inc., Sphinx Resources Ltd., Genoil Inc., Bitumen Capital Inc., New Age Farm Inc. and CDN Jade Mine Resources Inc. He has also assisted in the preparation of MD&A documents and work closely with auditors in the organization and content of supporting documents.
Anthony Chan <i>Audit Committee Member</i> Non-Independent (senior officer)	As CFO, Mr. Chan is not independent. Mr. Chan is a chartered professional accountant and principal of his own chartered accountancy firm. He has over 20 years' experience in the financial reporting and audit of publicly traded companies. He has expert knowledge of the accounting principles used to prepare financial statements and the general application of such accounting principles, as well as the internal controls and procedures necessary for robust financial reporting.

All three audit committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

All of the audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour.

In addition, members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors of public and private companies.

Audit Committee Oversight, Pre-Approval Policies and Procedures and External Auditor Service Fees

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

The Audit Committee charter annexed as Schedule A sets forth, in section 4.1, the specific policies and procedures that the Audit Committee has adopted for the engagement of non-audit services.

The fees billed by the Company's external auditor in the last two fiscal years are set out in the table below.

Financial Period Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2016	\$9,500	\$Nil	\$Nil	\$Nil
December 31, 2015	\$5,500	\$Nil	\$Nil	\$Nil

Reliance on Certain Exemptions

The Company has not relied on exemptions contained in sections 2.4 (*de minimus* non-audit services) or 8.1 (general exemptions) of NI 52-110 in the most recently completed fiscal period. However, the Company is relying upon the exemption in section 6.1 of NI 52-110 (for an issuer that does not have any of its securities listed or quoted on a senior stock exchange) which allows for an exemption from Part 5 (Reporting Obligations) providing for short form disclosure of audit committee procedures.

Corporate Governance

Corporate governance relates to the activities of the board of directors of the Company (the "Board"), the members of which are elected by, and are accountable to, the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. The Canadian Securities Administrators have published guidelines for issuers to consider in developing their own corporate governance practices. Disclosure of those practices is required. The Company's corporate governance practices are set forth below.

Board of Directors

The Company currently has four directors, two of whom are independent. The definition of independence used by the Board is that used by the Canadian Securities Administrators. A director is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their nature considered to be material relationships.

Directors C. Lorraine Pike and David A. Johnson are independent. Director Carmen Parente is not independent because he is the President and Chief Executive Officer of the Company. Director Anthony Chan is not independent because he is the Chief Financial Officer of the Company.

The Board exercises its independent supervision over the Company's management through a combination of formal meetings of the Board as well as informal discussions amongst the Board members. The independent directors may also hold scheduled meetings at which non-independent directors or members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation by independent or non-management directors, the meeting breaks into an *in camera* session among the independent or non-management directors.

Directorships

Certain directors are also directors of other issuers that are reporting issuers (or the equivalent), as follows:

Director	Other Directorships	Stock Exchange Listing
Carman Parente	New Age Farm Inc.	CSE
Anthony Chan	Canpac Investments Corp.	Reporting Issuer
	New Age Farm Inc.	CSE
C. Lorraine Pike	New Age Farm Inc.	CSE
David A. Johnson	New Age Farm Inc.	CSE

Orientation and Continuing Education

Changes to the Board are infrequent so there is no need for a formal orientation program for directors. The Board does not provide formal continuing education for directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businesspersons and managers, professional continuing education requirements, service as directors of other issuers and advice from the Company's legal counsel, auditor and other advisers.

Ethical Business Conduct

The Board has adopted a written code of business conduct and ethics for its directors, officers and employees. The Board also believes that the skill and knowledge of Board members and advice from counsel ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Directors and officers are required to disclose dealings in the industry in which the Company operates. They are also subject to the general obligation under corporate law to disclose and not vote on any material contract or transaction with the Company in which the director or officer has an interest.

Nomination of Directors

The Company does not have a formal process or committee for proposing new nominees to the Board. Changes to the Board are infrequent.

Compensation

The Board has not appointed a compensation committee. Instead, the independent directors fulfil that role. See "*Executive Compensation*".

Other Board Committees

There are no committees of the Board at this time other than the Audit Committee.

Assessments

The full Board has responsibility for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors. Owing to the small size of the Board, this task has not been assigned to any committee of directors and no formal process is in place.

PLAN OF DISTRIBUTION

This is a non-offering prospectus. No securities are offered pursuant to this Prospectus. The Company is a reporting issuer in the province of British Columbia.

The Company has applied to list its Shares on the CSE and has received conditional approval from the CSE as of the date of this Prospectus.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.).

RISK FACTORS

Plant Growing, Warehousing and Processing Industry

The plant growing, warehousing and food processing industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of such facilities may result in substantial rewards, marketing will also play a significant role in developing the Company and its level of success. Major expenses may be required to establish the facilities to be accepted in the marketplace. It is impossible to ensure that the current facilities and market strategy planned by the Company will result in profitable commercial sales. Whether the Company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the facilities is geared toward and the existing infrastructure, as well as competitors strategies and market factors. Some of these factors are cyclical and government regulated, including regulations relating to agriculture and food processing procedures and protocols.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Agriculture and food processing operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the public health sectors inherited in the agriculture and food processing industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company's control and their consequent liability.

Some of these risks include the following:

The Company is largely dependent on the success of constructing and marketing its warehousing and processing facilities and cannot be certain that its facilities will be successfully commercialized. NHS currently has minimal revenue from renting out its greenhouse facility. The successful addition of agriculture and food warehousing / processing facilities will also augment its ability to rent out unused greenhouse space and facilities. There is no guarantee that it will ever have marketable facilities. There are risks in design, development and manufacture of agriculture and food warehousing / processing facilities which may have adverse effect on public's health.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved facilities are not commercially successful, the company's business, financial condition, and results of operations may be materially harmed.

The Company's facilities may never achieve market acceptance even if the company obtains regulatory approvals.

The Company's activities are directed towards the warehousing and processing of agriculture and food. There is no certainty that any expenditure to be made by the Company as described herein will result in market acceptance of the Company's facilities offerings. There is aggressive competition within the agriculture and food warehousing / processing marketplace. The Company will compete with other interests, many of which have greater financial resources than it will have for marketing towards target customers. Significant capital investment is required to achieve commercialization from the current start-up and development stage of the Company.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the business of NHS, as compared with its competitors, depends on the acceptance by their potential clients or customers in the respective industries or sectors. Market acceptance will largely depend on the reputation, marketing strategy, and services and performance of NHS. The success of NHS will depend on the ability to commercialize its products and services and to expand their network clients or market share. NHS will need to expand its marketing and sales operations and establish business relations with other professional services providers and clients in a timely manner.

In order to meet their business objectives, NHS will have to ensure that its services are professional, reliable and cost-effective, and bring the expected return. There can be no assurance that the business and services of NHS will be accepted and recommended.

Competition

The agriculture and food warehousing / processing industries are competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market acceptance.

Further to this, the introduction of a recreational model for cannabis production and distribution may affect the sustainable growth market. The impact of this potential development may be negative for the Company, and could result in increased levels of competition in its existing market and/or the entry of new competitors in the overall cannabis market in which the Company operates. There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Growth Management

In executing the business plan of NHS for the future, there will be significant pressure on management, operations, and technical resources. NHS anticipates that its operating and personnel costs will increase in the future. In order to manage their growth, NHS will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Reliance on Key Personnel and Advisors

NHS will rely heavily on its officers. The loss of their services may have a material adverse effect on the business of NHS. There can be no assurance that one or all of the employees of, and contractors engaged by, NHS will continue in the employ of, or in a consulting capacity to, NHS or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, NHS who have access to confidential information will not disclose the confidential information.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the operations of NHS require them to enter into various agreements with partners, joint venture partners, other businesses partners, equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of their businesses and the successful marketing of their services.

There is no guarantee that those with whom NHS need to deal will not adopt other services providers or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the competitors of NHS in preference to those of NHS.

Government Regulation

Although the activities of NHS are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, marketing or commercialization. The proposed federal legislation, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, would create a strict legal framework for controlling the production, distribution, sale and possession of cannabis across Canada. Amendments to current laws and regulations governing the production of cannabis, *inter alia*, are expected to be in legislative force by July 2018. Amendments to current laws and regulations governing the production of cannabis and securities law or more stringent implementation thereof could have a substantial adverse impact on NHS.

In addition to various trade organizations that the Company will be subject to, the consumer agriculture and food warehousing / processing industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters from regulatory bodies such as Canadian Food Inspection Agency (CFIA), BC FoodSafe Program and the department of Health Protection in Fraser Health. Regulatory approvals by government agencies on the Company's facilities may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

NHS may carry insurance to protect against certain risks in such amounts as they consider adequate. Risks not insured against include key person insurance, as NHS will heavily rely on its officers.

Conflicts of Interest

Certain directors of NHS also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving NHS will be made in accordance with their duties and obligations to deal fairly and in good faith with NHS and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As NHS is at the early stage startup stage, it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from their businesses, NHS may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Operating History and Expected Losses

NHS expects to make investments in order to develop their services, increase marketing efforts, and improve their operations. As a result, startup operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of NHS.

Risks Related as a Going Concern

The ability of NHS to each continue as a going concern is uncertain and dependent upon their ability to achieve profitable operations, obtain additional capital, and receive continued support from their shareholders. Management of NHS will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Potential Liability

NHS is subject to the risk of potential liability claims with respect to their businesses. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by NHS. There is no guarantee that NHS will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide NHS with adequate protection against potential liability.

PROMOTERS

Only Carman Parente is a promoter of NHS as that term is defined in the *Securities Act* (British Columbia). Mr. Parente has not received any compensation from the Company. Mr. Parente has not received anything of value from the Company and has no entitlement to receive anything of value except as set forth below and elsewhere in this Prospectus.

See “*Executive Compensation*”, “*Principal Shareholders*”, “*Directors and Executive Officers*”, “*Interests of Management and Others in Material Transactions*”, and “*Material Contracts*” for additional disclosure concerning the Company’s promoter.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

David A. Johnson, a director of the Reporting Issuer resides outside of Canada. Mr. Johnson has appointed C. Lorraine Pike as his agent for service or process.

The address of the agent is as follows:

C. Lorraine Pike
CLP & Associates Consulting Ltd.
201-2691 Viscount Way
Richmond, BC V6V 2R5

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material pending legal proceedings or regulatory actions to which the Company is, or, so far as management of the Company, is likely to be a party.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation

No Principal of the Corporation or Associate or Affiliate of a Principal of the Corporation has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

NHS's auditor is Adam Sung Kim Ltd. operating at Unit 114B (2nd Floor), 8988 Fraserton Court, Burnaby, British Columbia, V5J 5H8.

Transfer Agent and Registrar

The transfer agent and registrar for NHS's Common Shares will be Computershare at its principal office in Vancouver.

MATERIAL CONTRACTS

The Company has not entered into any contracts material to investors in the Common Shares since incorporation, other than:

- 1 the Arrangement Agreement;
- 2 the NHS Option Plan (see "*Options to Purchase Securities*");
- 3 the Transfer Agent Agreement; and
- 4 Management Agreements:
 - a. CEO Management Consulting Agreement;
 - b. CFO Management Consulting Agreement;

- c. Senior Consulting Agreement with C. Lorraine Pike; and
- d. Senior Consulting Agreement with David A. Johnson.

EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this Prospectus as having prepared or certified a part of this Prospectus, or a report, valuation, statement or opinion described in this Prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

Adam Sung Kim Ltd. has confirmed that it is independent of NHS within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

OTHER MATERIAL FACTS

There are no other material facts about the Company which are not disclosed in this Prospectus.

FINANCIAL STATEMENTS

The following NHS financial statements and management's discussion and analysis are enclosed as Schedules B and C to this Prospectus:

- Audited financial statements as at and for the year ended December 31, 2016 and 2015;
- Interim financial statements for the nine months ended September 30, 2017;
- Management's discussion and analysis for the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015.

SCHEDULE “A” – AUDIT COMMITTEE CHARTER
CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF NHS INDUSTRIES INC. (the “Company”)

1. Purpose

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets, reliability of information, and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to:
- (a) support the Board of Directors in meeting its responsibilities to shareholders;
 - (b) enhance the independence of the external auditor;
 - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
 - (d) increase the credibility and objectivity of the Company’s financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates. Whenever possible, all three members will be independent directors of the Company.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
 - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
 - (c) Approve interim financial statements and interim MD&As on behalf of the Board of Directors.

4. Duties and Responsibilities

4.1. The duties and responsibilities of the Audit Committee shall include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board ("CPAB") and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&As and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
 - i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
 - ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.

- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
 - (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
 - (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.
- 4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

5. Meetings

- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.
- 5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.
- 5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.
- 5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least once annually to review the financial affairs of the Company.
- 5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

SCHEDULE “B” – FINANCIAL STATEMENTS AND MD&A

NHS INDUSTRIES LTD.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

(Expressed in Canadian dollars)

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Adam Kim

T: **604.318.5465**
F: **604.239.0866**

ADAM SUNG KIM LTD.

INDEPENDENT AUDITOR'S REPORT

To: the Directors of
NHS Industries Ltd.

I have audited the accompanying financial statements of NHS Industries Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of operations and comprehensive operations, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years ended December 31, 2016 and December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flow for the years ended December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
November 14, 2017

NHS INDUSTRIES LTD.

Statements of Financial Position
(expressed in Canadian dollars)

	December 31, 2016	December 31, 2015
Current		
Cash	\$ 22,727	\$ 7,745
Due from related parties (Note 5)	740,941	278,030
Prepaid expenses	10,886	-
	<u>774,554</u>	<u>285,775</u>
Property, plant and equipment (Note 3)	<u>1,206,547</u>	<u>1,230,740</u>
Total assets	<u>\$ 1,981,101</u>	<u>\$ 1,516,515</u>
Current		
Accounts payable	\$ 30,000	\$ -
Accrued liabilities (Note 5)	62,000	7,153
GST payable	11,029	6,799
Security deposit	7,000	7,000
Secured notes payable (Note 10)	330,000	318,274
Secured convertible debt (Note 10)	497,737	473,560
Due to related parties (Note 5)	144,480	-
Current portion of mortgage (Note 6)	638,655	18,525
Second mortgage (Note 6)	700,000	400,000
	<u>2,420,901</u>	<u>1,231,311</u>
Long term portion of mortgage (Note 6)	<u>-</u>	<u>638,820</u>
Total liabilities	<u>2,420,901</u>	<u>1,870,131</u>
Shareholders' equity (deficiency)		
Shares capital (Note 7)	1,540,183	1,540,183
Contributed surplus	234,108	234,108
Deficit, per accompanying statement	(2,214,091)	(2,127,907)
Total shareholders' equity (deficiency)	<u>(439,800)</u>	<u>(353,616)</u>
Total liabilities and shareholders' equity (deficiency)	<u>\$ 1,981,101</u>	<u>\$ 1,516,515</u>

Nature and continuance of operations (Note 1) and **Subsequent events** (Note 12)

Approved on behalf of the Board on November 14, 2017:

"Carman Parente"

Director – Carman Parente

"Anthony Chan"

Director – Anthony Chan

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

NHS INDUSTRIES LTD.
Statements of Operations and Comprehensive Operations
(expressed in Canadian dollars)

	Years Ended	
	December 31, 2016	December 31, 2015
Revenue		
Rent	\$ 84,000	\$ 84,000
Interest	29	75
Total revenue	84,029	84,075
Expenses		
Accretion expenses on secured notes payable (Note 10)	35,903	88,663
Amortization	24,193	24,559
Bank charges	90	227
Insurance	10,221	17,469
Interest (Note 6)	79,914	83,534
Professional fees	13,855	3,951
Utility, property taxes and miscellaneous	6,037	4,841
	170,213	223,244
Other income (expense)		
Write off of development costs (Note 4)	-	(650,000)
Gain on extinguishment of notes payable (Note 10)	-	2,341
Total expenses	170,213	870,903
Loss and comprehensive loss for the year	\$ (86,184)	\$ (786,828)
Loss per share	\$ (0.013)	\$ (0.11)
Weighted average number of shares outstanding	6,882,885	6,882,885

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

NHS INDUSTRIES LTD.**Statements of Changes in Shareholders' Equity (Deficiency)**
(expressed in Canadian dollars)

	Number of Shares	Share Capital & subscribed	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2014	6,882,885	\$ 1,540,183	\$ 292,366	\$ (1,341,079)	\$ 491,470
Repurchase of secured debts and issuance of convertible debts (Note 10)	-	-	(58,258)	-	(58,258)
Loss for the year	-	-	-	(786,828)	(786,828)
Balance, December 31, 2015	6,882,885	1,540,183	234,108	(2,127,907)	(353,616)
Loss for the year	-	-	-	(86,184)	(86,184)
Balance, December 31, 2016	6,882,885	\$ 1,540,183	\$ 234,108	\$ (2,214,091)	\$ (439,800)

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

NHS INDUSTRIES LTD.
Statements of Cash Flows
(expressed in Canadian dollars)

	December 31, 2016	December 31, 2015
Cash flows from (used in)		
Operating activities		
Net loss for the year	\$ (86,184)	\$ (786,828)
Items not affecting cash:		
Accretion of interest	35,903	88,663
Amortization	24,193	24,559
Accrued interest	52,500	-
Loss (gain) on extinguishment of notes payable	-	(2,341)
Write off of development costs	-	650,000
	26,412	(25,947)
Changes in non-cash working capital items:		
Prepaid expenses	(10,886)	-
GST payable	4,230	(2,629)
Accounts payable and accrued liabilities	2,347	13,981
Net cash used in operating activities	22,103	(14,595)
Investing activities		
Loan receivable from New Age Farm Inc.	(231,181)	(110,300)
Due from related parties	(57,250)	(88,200)
Net cash used in investing activities	(288,431)	(198,500)
Financing activities		
First mortgage	(18,690)	(17,995)
Second mortgage	300,000	400,000
Secured loans	-	(170,000)
Net cash received from financing activities	281,310	212,005
Increase in cash and cash equivalents during the year	14,982	(1,090)
Cash and cash equivalents, beginning of the year	7,745	8,835
Cash and cash equivalents, end of the year	\$ 22,727	\$ 7,745
Interest paid	\$ 27,414	\$ 83,534
Income tax paid	\$ -	\$ -
<u>Non-cash Transactions:</u>		
Assumption of debts from New Age	\$ 363,750	\$ -
Issuance of secured convertible debt	\$ -	\$ 497,737

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

1. NATURE AND CONTINUANCE OF OPERATIONS

627073 B.C. Ltd. was incorporated on May 4, 2001 under the British Columbia Business Corporation Act and changed its name to “NHS Industries Ltd.” (“NHS” or the “Company”) on September 17, 2010. The Company’s principal business is the provisions of a property rental service and a development of real estate property and facility. On August 13, 2014, the Company completed the amalgamation between 0998955 BC. Ltd., a wholly owned subsidiary of New Age Farm Inc. (“New Age”), and has since become a wholly owned subsidiary of New Age. New Age had issued 6,882,885 (Pre-consolidation - 34,414,424) of its common shares to the shareholders of the Company to complete the amalgamation.

On August 31, 2016, the Company entered into an arrangement agreement with New Age in which New Age has spun-off NHS, together with all its assets and liabilities, as a separate operating entity and NHS would operate the Company’s Langley property located in Langley, British Columbia (the “Arrangement”). In return, following completion of the Arrangement, shareholders of New Age would hold one new share (each, a “New Share”, collectively the “New Shares”) in the capital of New Age and its pro-rata share of the post-consolidation NHS shares (“NHS Shares”) be distributed under the Arrangement for each currently held New Age share. On September 27, 2016, shareholders of New Age approved the Arrangement on its Annual and Special General Meeting of shareholders. The board of directors of New Age also have set the share distribution record date of the plan of Arrangement at close of business on November 30, 2016 (the “Share Distribution Record Date”). Shareholders as of the Share Distribution Record Date will be entitled to receive the New Shares and the NHS Shares. As part of the spin-off process, the Company consolidated its common shares at 5:1 ratio and had 6,882,885 common shares outstanding prior to the spin-off and these shares are to be distributed to shareholders of New Age as of the Share Distribution Record Date. The management of New Age also determined that the Company has separated from New Age on December 31, 2016.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

At December 31, 2016, the Company had working capital deficiency of \$1,027,020 (2015 - \$945,536), had not yet achieved profitable operations, has accumulated losses of \$2,214,091 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance, Consolidation and Basis of Presentation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements include the accounts of the Company only and are separated from New Age as of December 31, 2016. Any former inter-company transactions and balances are disclosed separately in the financial statements. These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

(b) Revenue recognition

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

(c) Foreign currency translation

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument’s contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company’s financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash	Fair value through profit or loss
Due from related parties	Loans and receivables
Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related parties, secured notes payable, secured convertible debt, loan payable and mortgages	Other financial liabilities

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

Financial assets

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

Financial liabilities

The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities. The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and accrued liabilities, secured debts, secured convertible debts, amounts due to related parties and loans payable and mortgages, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Share based Compensation**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle and tractor	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment, valuation of share-based payments and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2017 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

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. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

3. **PROPERTY, PLANT AND EQUIPMENT**

	December 31, 2016			December 31, 2015
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Building	213,800	135,408	78,392	92,646
Greenhouse	298,626	77,986	220,640	229,171
Furniture, fixture and equipment	21,423	15,073	6,350	7,259
Motor Vehicle	23,776	22,611	1,165	1,664
	<u>\$ 1,457,625</u>	<u>\$ 251,076</u>	<u>\$ 1,206,547</u>	<u>\$ 1,230,740</u>

4. **PROPERTY UNDER DEVELOPMENT**

Due to the uncertainty as to when the Company is able to raise sufficient funds to complete building a facility on its Langley farm, the Company determined that the incurred development cost is impaired and has written off the development cost to \$Nil as at December 31, 2015. There is no change to the impairment evaluation as of December 31, 2016.

5. **DUE TO/FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS**

The amounts of \$Nil (2015 - \$132,020) is due from the Chief Executive Officer and a company controlled by him, a related party, are non-interest bearing, unsecured and without fixed terms of repayment.

On December 31, 2016, as part of the spin-off process, New Age and the Company entered into an agreement to have \$363,750 of accrued liabilities owing by New Age to the Company's CEO (\$257,000), CFO (\$76,750) and an external consultant (\$30,000) (the "Debt") to be transferred over and assumed by the Company and the Company has thus increased its loan receivable due from New Age by the same amount. As at December 31, 2016, after the assumption of the Debt, the Company now has a loan receivable from New Age in the amount of \$740,941 (2015 - \$146,010) which is non-secured, non-interest bearing with no fixed terms of repayment. As of December 31, 2016, after the assumption of the Debt, the Company now owes \$67,730 (2015 - owed by CEO of \$132,020) to its CEO and \$76,750 (2015 - \$Nil) to its CFO, for a total of \$144,480, which are non-secured, non-interest bearing with no fixed terms of repayment. Subsequent to the year end, the amounts owing to CEO of \$67,730 and CFO of \$76,750 have been settled into common shares of the Company (Note 12).

For other related party transactions, please also refer to note 10.

6. **MORTGAGE / SECOND MORTGAGE**

The Company has negotiated a credit facility with the BlueShore Financial (the "BSF") for a commercial mortgage. The commercial mortgage bears interest at 4.25% per annum until October 1, 2017. The mortgage requires monthly blended payments of \$3,842. Payments will be adjusted at a time of term renewal based on the fixed rate of interest in effect and the remaining amortization period. The mortgage is secured by a rental property of the Company and an assignment of rents.

	December 31, 2016	December 31, 2015
Balance, beginning of the year	\$ 657,345	\$ 675,339
Principal payments made during the year	(18,690)	(17,994)
Balance, end of the year	638,655	657,345
Amount payable within one year	(638,655)	(18,525)
	<u>\$ -</u>	<u>\$ 638,820</u>

6. MORTGAGE / SECOND MORTGAGE (continued)

On February 26, 2015, the Company entered into a second mortgage on its property in Langley as security. The principal amount of the mortgage is \$400,000 with a term of one year at 15% annual interest. As part of the mortgage agreement, the Company has assigned the rental income from the Langley property and the Company's CEO also agreed to provide a personal guarantee to this new second mortgage, and the second mortgage previously held by the CEO has been moved to third position behind the new second mortgage. During the year ended December 31, 2016, the Company entered into a refinanced second mortgage agreement on its property in Langley, B.C., in the amount of \$700,000 from a private lender. The principal amount of the mortgage is \$700,000, bears interest at the rate of 10 per cent per year and is due on demand. Proceed of the mortgage was used toward paying out the prior second mortgage of \$400,000 and the balance was used for general working capital purposes. This revised second mortgage of \$700,000 bears the same security as the previous one of \$400,000 but the CEO does not need to provide personal guarantee; instead, New Age provides a corporate guarantee to the revised second mortgage. Total interest of \$52,500 has been accrued for on this refinanced second mortgage as of December 31, 2016.

7. SHARE CAPITAL

(a)	Authorized: Unlimited common shares without par value
	Issued : 6,882,885 common shares (2015: 6,882,885 common shares)

On May 4, 2001, 2 (Pre consolidation - 10) incorporator shares were issued for \$1.

On December 1, 2013, the amounts of \$2,004,782 due to shareholders and related parties of the Company were settled for 13,365,216 (Pre consolidation - 66,826,081) common shares of the Company at a price of \$0.15 (Pre-consolidation price of \$0.03) per share.

On March 31, 2014, 8,333,333 (Pre-consolidation - 41,666,667) common shares of the Company were returned to treasury for cancellation by shareholders at average price of \$0.15 (Pre-consolidation price of \$0.03) per share for total of \$1,250,000. In consideration, the Company issued non-interest bearing secured loans to two shareholders, to be due in two years (Note 10).

In March and April 2014, the Company issued 400,000 (Pre-consolidation - 2,000,000) common shares of the Company at \$0.15 (Pre-consolidation price of \$0.03) per share to settle a total debt of \$60,000 owing to several external service providers.

On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.50 (Pre-consolidation price of \$0.10) per common shares of the Company and issued a total of 1,200,000 (Pre-consolidation - 6,000,000) common shares (Note 10).

In July 2014, prior to the amalgamation with New Age, the Company completed a non-brokered financing of \$125,500 at a price of \$0.50 (Pre-consolidation price of \$0.10) per share and issued 251,000 (Pre-consolidation - 1,255,000) common shares.

On August 13, 2014, shareholders of NHS were issued 6,882,885 (Pre-consolidation - 34,414,424) common shares of New Age in exchange for their shares of the Company and completed the amalgamation with New Age. On December 31, 2016, the Company had 6,882,885 (Pre-consolidation - 34,414,424) common shares prior to the spin out from New Age.

Subsequent to the year ended of December 31, 2016, the Company issued 3,489,600 common shares at \$0.05 per share to settled total debts of \$174,480 owing to related parties and an external consultant, closed its 1st tranche of private placement units financing at \$0.05 per unit for total proceeds of \$300,000 and issued 6,000,000 common shares and settled total secured debts of \$827,737 into 8,277,370 common shares of the Company at \$0.10 per share (See note 12).

7. **SHARE CAPITAL (continued)**

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. The Company did not grant any options as at December 31, 2016.

8. **CAPITAL DISCLOSURES**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, mortgages, due to related parties, due to shareholders, secured notes payable, secured convertible debts and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. 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 were no changes in the Company's approach to capital management during the year ended December 31, 2016 and the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

9. **FINANCIAL INSTRUMENTS AND RISK FACTORS**

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

9. **FINANCIAL INSTRUMENTS AND RISK FACTORS** (continued)

(a) Fair values (continued)

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2016 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	\$ 22,727	\$ -	\$ -	\$ 22,727
	\$ 22,727	\$ -	\$ -	\$ 22,727

(b) Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash with major Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at December 31, 2016, the Company had cash and cash equivalents of \$22,727 to settle current liabilities of \$1,801,574. The mortgage of \$638,655 has a term which will be renewed on October 1, 2017 (Note 6). The refinanced second mortgage of \$700,000 is due on demand. The secured debts and secured convertible debts of \$827,737 are already matured and became due on demand, which was subsequently settled into common shares of the Company (Note 10 & Note 12).

(d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments. The Company is susceptible to interest rate fair value risk on its mortgages, secured note payable and convertible secured debt payable that bear fixed interest rates.

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and major expenditures are transacted in Canadian dollars.

10. **SECURED NOTES PAYABLE / CONVERTIBLE SECURED DEBT**

On March 31, 2014, the note payable in the amount of \$347,737 due to a company owned by an officer of the Company was extinguished by the Company. In consideration for the extinguishment, the Company issued a non-interest bearing secured loan to replace the note payable. Together with the 5,000,000 (Pre-consolidation - 25,000,000) common shares returned to treasury for cancellation at an agreed value of \$750,000, the Company entered into a secured loan agreement with this company. This is a non-interest bearing loan in the amount of \$1,097,737 to be due in two years on March 31, 2016 and secured by the Company's property in Langley secondary to the mortgage currently held by BlueShore Financial.

On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.50 (Pre-consolidation price of \$0.10) per common shares of the Company and issued a total of 1,200,000 (Pre-consolidation - 6,000,000) common shares. The Company also amended this secured non-interest bearing loan in the amount of \$497,737 ("Loan 1") to be due in two years on June 30, 2016 and continue to be secured by the Company's property in Langley secondary to the revised second mortgage (Note 6). On April 1, 2015, this secured note was amended to become a convertible secured debt convertible into common shares of New Age at a conversion price of \$0.15 per share with the same due date. Using discounted rate of 10%, the equity portion was determined to be \$58,258, which amount was re-allocated out of contributed surplus and was transferred over to New Age through intercompany account at the time. Gain on extinguishment of this note payable of \$2,341 was also realized and included in the statements of operations in year ended 2015. This secured debt became due on demand on June 30, 2016. On December 31, 2016, prior to the separation from New Age, this loan was amended again and the conversion feature into common shares of New Age was removed and became a non-interest bearing, due on demand secured debt. The loan amount outstanding as at December 31, 2016 was determined to be at \$497,737 (See Note 12).

On March 31, 2014, another shareholder also returned 3,333,333 (Pre-consolidation - 16,666,667) common shares of the Company to the treasury for cancellation at an agreed value of \$500,000. The Company also entered into a non-interest bearing loan agreement with this shareholder in the amount of \$500,000 ("Loan 2") to be due in two years on March 31, 2016 which became due on demand on March 31, 2016, and secured by the Company's property in Langley with it rights subsequent to the registered holder described above. A prepayment of \$170,000 was made during the year 2015 to an outside party on behalf of this loan holder and it is agreed that the prepayment amount is to be offset against the original loan amount upon maturity. As at December 31, 2016, the loan amount outstanding owing to this shareholder was \$330,000 (See Note 12).

During the year ended December 31, 2014, the total secured loans of \$997,737 were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 10% per annum. The debt discount of \$158,654 was credited to contributed surplus, debited to secured notes and being amortized over the term of the note.

The total discount of \$35,903 was charged to interest expense for the year ended December 31, 2016 (2015: \$88,663).

	Convertible Debt	Loan 2	Total
Principal	\$ 497,737	\$ 500,000	\$ 997,737
Unamortized discount	-	-	-
Prepayment	-	(170,000)	(170,000)
December 31, 2016	\$ 497,737	\$ 330,000	\$ 827,737

11. INCOME TAX

The income taxes shown in the Statements of Operations differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2016	2015
	26.0%	26.0%
	\$	\$
Loss for the year	(86,184)	(786,828)
Expected income tax recovery	(22,408)	(204,575)
Items deductible and not deductible for income tax purposes	20,368	15,754
Change in tax rate	-	-
Current and prior tax attributes not recognized	2,040	188,822
	-	-

Details of deferred tax assets are as follows:

	2016	2015
	\$	\$
Non-capital loss carryforwards	500,578	489,173
Investments	6,572	6,572
Equipment and others	(839)	8,526
Unrecognized deferred tax assets	(506,311)	(504,271)
	-	-

As at December 31, 2016, the Company had approximately \$1,925,000 of non-capital losses available, which begin to expire through to 2036 and may be applied against future taxable income.

At December 31, 2016, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

12. SUBSEQUENT EVENTS

On January 15, 2017, the Company entered into an agreement with two related parties (CEO - \$67,730; CFO - \$76,750) and an external consultant (\$30,000) to settle total debts of \$174,480 into 3,489,600 common shares at \$0.05 per share. These shares will be issued at the same time as the Company's shares are pushed out the shareholders of New Age Farm Inc.

On January 15, 2017, the Company entered into share subscription agreements with one related party and two arms-length parties to subscribe for 7,000,000 units of the Company at \$0.05 per unit for gross proceeds of \$350,000. Each unit consists of one common share and one warrant at an exercise price of \$0.10 within five years. The Company closed \$300,000 of this financing in July of 2017 and the two arms-length parties have amended their subscriptions to increase their investments from the original \$50,000 to \$150,000 and the Company expects to close the remaining \$100,000 from these two parties before end of November of 2017.

In April 2017, the Company entered into agreements with secured debt holders to settle total secured debts of \$827,737 into 8,277,370 common shares of the Company at \$0.10 per share. These transaction will only be effective upon the Company receives the receipt of its final prospectus by the British Columbia Security Commissions. The Company has amended the agreement with the two debt holders and they have converted their secured debts into 8,277,370 shares in July of 2017 based on the price above.

In August 2017, the Company settled out a portion of intercompany loan between itself and its former parent, New Age Farm Inc. through the acceptance from New Age Farm of 3,000,000 common shares of New Age Farm at a deemed price of \$0.10 per share and a promissory note for the balance of \$440,941 that is due on August 1, 2018. The Company also settled \$140,000 accrued interest on 2nd mortgage into 560,000 post-consolidation shares of the Company at deemed price of \$0.25 per share.

NHS INDUSTRIES LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2017

(Expressed in Canadian dollars)

Index

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**MANAGEMENT'S RESPONSIBILITY FOR
UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of NHS Industries Ltd. [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Carman Parente
Director

Vancouver, BC
November 30, 2017

(expressed in Canadian dollars)

	September 30, 2017	December 31, 2016
Current		
Cash	\$ 198,178	\$ 22,727
Accounts receivable	17,000	-
Marketable securities	210,000	
Due from related parties (Note 5)	578,885	740,941
Prepaid expenses	36,980	10,886
	1,041,043	774,554
Property, plant and equipment (Note 3)	1,188,610	1,206,547
Total assets	\$ 2,229,653	\$ 1,981,101
Current		
Accounts payable	\$ -	\$ 30,000
Accrued liabilities (Note 5)	9,500	62,000
GST payable	14,507	11,029
Security deposit	7,000	7,000
Secured notes payable (Note 10)	-	330,000
Secured convertible debt (Note 10)	-	497,737
Due to related parties (Note 5)	-	144,480
Current portion of mortgage (Note 6)	19,952	638,655
Second mortgage (Note 6)	700,000	700,000
	750,959	2,420,901
Long term portion of mortgage (Note 6)	604,118	-
Total liabilities	1,355,077	2,420,901
Shareholders' equity (deficiency)		
Shares capital (Note 7)	2,982,401	1,540,183
Contributed surplus	234,108	234,108
Deficit, per accompanying statement	(2,341,933)	(2,214,091)
Total shareholders' equity (deficiency)	874,576	(439,800)
Total liabilities and shareholders' equity (deficiency)	\$ 2,229,653	\$ 1,981,101

Nature and continuance of operations (Note 1) and **Subsequent events** (Note 12)

Approved on behalf of the Board on November 30, 2017:

“Carman Parente”
Director – Carman Parente

“Anthony Chan”
Director – Anthony Chan

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NHS INDUSTRIES LTD.**Unaudited Condensed Interim Statements of Operations and Comprehensive Operations****(expressed in Canadian dollars)**

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue				
Rent	\$ 24,285	\$ 21,000	\$ 69,571	\$ 63,000
Interest	21	-	50	9
Total revenue	24,306	21,000	69,621	63,009
Expenses				
Accretion expenses on secured notes payable (Note 10)	-	-	-	35,903
Amortization	5,979	6,139	17,937	18,236
Bank charges	1,039	33	1,118	72
Insurance	2,969	3,077	8,907	8,205
Interest (Note 6)	24,161	24,561	72,493	55,894
Professional fees	-	-	-	4,355
Utility, property taxes and miscellaneous	2,000	5,087	7,008	5,087
Unrealized loss on fair value adjustment to marketable securities	90,000	-	90,000	-
Total expenses	126,148	38,897	197,463	127,752
Loss and comprehensive loss for the period	\$ (101,842)	\$ (17,897)	\$ (127,842)	\$ (64,743)
Loss per share	\$ (0.004)	\$ (0.003)	\$ (0.008)	\$ (0.009)
Weighted average number of shares outstanding	22,810,729	6,882,885	16,221,914	6,882,885

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NHS INDUSTRIES LTD.**Unaudited Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)**
(expressed in Canadian dollars)

	Number of Shares	Share Capital & subscribed	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2015	6,882,885	\$ 1,540,183	\$ 234,108	\$ (2,127,907)	\$ (353,616)
Loss for the period	-	-	-	(64,743)	(64,743)
Balance, September 30, 2016	6,882,885	1,540,183	234,108	(2,192,650)	(418,359)
Loss for the period	-	-	-	(39,338)	(39,338)
Balance, December 31, 2016	6,882,885	1,540,183	234,108	(2,214,091)	(439,800)
Settlements of debts into shares	12,326,970	1,142,218	-	-	1,142,218
Common shares issued in cash	6,000,000	300,000	-	-	300,000
Loss for the period	-	-	-	(127,842)	(127,842)
Balance, September 30, 2017	25,209,855	\$ 2,982,401	\$ 234,108	\$ (2,341,933)	\$ 874,576

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NHS INDUSTRIES LTD.
Unaudited Condensed Interim Statements of Cash Flows
(expressed in Canadian dollars)

	September 30, 2017	September 30, 2016
Cash flows from (used in)		
Operating activities		
Net loss for the period	\$ (127,842)	\$ (64,743)
Items not affecting cash:		
Accretion of interest	-	35,903
Amortization	17,937	18,236
Accrued interest	52,000	35,000
Amortization of prepaid expense	8,907	-
Unrealized loss on adjustment to fair value of marketable securities	90,000	-
	<u>41,502</u>	<u>24,396</u>
Changes in non-cash working capital items:		
Accounts receivable	(17,000)	-
Accounts payable and accrued liabilities	3,478	(4,003)
Net cash used in operating activities	<u>27,980</u>	<u>20,393</u>
Investing activities		
Loan receivable from New Age Farm Inc.	(125,394)	(247,057)
Due from related parties	(12,550)	(66,150)
Net cash used in investing activities	<u>(137,944)</u>	<u>(313,207)</u>
Financing activities		
First mortgage	(14,585)	(13,684)
Second mortgage	-	300,000
Common shares issued in cash	300,000	-
Net cash received from financing activities	<u>285,415</u>	<u>286,316</u>
Increase in cash and cash equivalents during the period	175,451	(6,498)
Cash and cash equivalents, beginning of the period	22,727	7,745
Cash and cash equivalents, end of the period	\$ 198,178	\$ 1,247
Interest paid	\$ 19,993	\$ 20,894
Income tax paid	\$ -	\$ -
Non-cash Transactions:		
Settlement of debts into shares	\$ 1,142,218	\$ -

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

627073 B.C. Ltd. was incorporated on May 4, 2001 under the British Columbia Business Corporation Act and changed its name to “NHS Industries Ltd.” (“NHS” or the “Company”) on September 17, 2010. The Company’s principal business is the provisions of a property rental service and a development of real estate property and facility. On August 13, 2014, the Company completed the amalgamation between 0998955 BC. Ltd., a wholly owned subsidiary of New Age Farm Inc. (“New Age”), and has since become a wholly owned subsidiary of New Age. New Age had issued 6,882,885 (Pre-consolidation - 34,414,424) of its common shares to the shareholders of the Company to complete the amalgamation.

On August 31, 2016, the Company entered into an arrangement agreement with New Age in which New Age has spun-off NHS, together with all its assets and liabilities, as a separate operating entity and NHS would operate the Company’s Langley property located in Langley, British Columbia (the “Arrangement”). In return, following completion of the Arrangement, shareholders of New Age would hold one new share (each, a “New Share”, collectively the “New Shares”) in the capital of New Age and its pro-rata share of the post-consolidation NHS shares (“NHS Shares”) be distributed under the Arrangement for each currently held New Age share. On September 27, 2016, shareholders of New Age approved the Arrangement on its Annual and Special General Meeting of shareholders. The board of directors of New Age also have set the share distribution record date of the plan of Arrangement at close of business on November 30, 2016 (the “Share Distribution Record Date”). Shareholders as of the Share Distribution Record Date will be entitled to receive the New Shares and the NHS Shares. As part of the spin-off process, the Company consolidated its common shares at 5:1 ratio and had 6,882,885 common shares outstanding prior to the spin-off and these shares are to be distributed to shareholders of New Age as of the Share Distribution Record Date. The management of New Age also determined that the Company has separated from New Age on December 31, 2016.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

At September 30, 2017, the Company had working capital (deficiency) of \$290,084 (2016 – (\$1,646,347)), had not yet achieved profitable operations, has accumulated losses of \$2,341,933 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim financial statements.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Statement of Compliance, Consolidation and Basis of Presentation**

These unaudited condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements include the accounts of the Company only and are separated from New Age as of December 31, 2016 and September 30, 2017. Any former inter-company transactions and balances are disclosed separately in the unaudited condensed interim financial statements. These unaudited condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

(b) **Revenue recognition**

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

(c) **Foreign currency translation**

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) **Financial instruments**

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument’s contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company’s financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash	Fair value through profit or loss
Marketable securities	Fair value through profit or loss
Due from related parties	Loans and receivables
Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related parties, secured notes payable, secured convertible debt, loan payable and mortgages	Other financial liabilities

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

Financial assets

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

Financial liabilities

The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities. The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and accrued liabilities, secured debts, secured convertible debts, amounts due to related parties and loans payable and mortgages, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Share based Compensation**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle and tractor	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment, valuation of share-based payments and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2017 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

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. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

3. **PROPERTY, PLANT AND EQUIPMENT**

	September 30, 2017			December 31, 2016
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Building	213,800	146,098	67,702	78,392
Greenhouse	298,626	84,386	214,240	220,640
Furniture, fixture and equipment	21,423	15,658	5,765	6,350
Motor Vehicle	23,776	22,873	903	1,165
	<u>\$ 1,457,625</u>	<u>\$ 269,015</u>	<u>\$ 1,188,610</u>	<u>\$ 1,206,547</u>

4. **PROPERTY UNDER DEVELOPMENT**

Due to the uncertainty as to when the Company is able to raise sufficient funds to complete building a facility on its Langley farm, the Company determined that the incurred development cost is impaired and has written off the development cost to \$Nil as at December 31, 2015. There is no change to the impairment evaluation as of December 31, 2016 and September 30, 2017.

5. **DUE TO/FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS**

The amounts of \$12,550 (2016 - \$Nil) is due from the Chief Executive Officer and a company controlled by him, a related party, are non-interest bearing, unsecured and without fixed terms of repayment.

On December 31, 2016, as part of the spin-off process, New Age and the Company entered into an agreement to have \$363,750 of accrued liabilities owing by New Age to the Company's CEO (\$257,000), CFO (\$76,750) and an external consultant (\$30,000) (the "Debt") to be transferred over and assumed by the Company and the Company has thus increased its loan receivable due from New Age by the same amount. In August 2017, the Company also settled \$300,000 of the loan receivables due from New Age into 3,000,000 common shares of New Age (Note 11). As at September 30, 2017, the Company has a loan receivable due from New Age in the amount of \$566,335 (2016 - \$740,941) which is non-secured, non-interest bearing and with no fixed terms of repayment. During the nine months ended September 30, 2017, the amounts owing to its CEO of \$67,730 and its CFO of \$76,750 have been settled into common shares of the Company (Note 7). As of September 30, 2017, the Company's CEO owes to the Company an amount of \$12,550, which is non-secured, non-interest bearing and with no fixed terms of repayment.

For other related party transactions, please also refer to note 10.

6. **MORTGAGE / SECOND MORTGAGE**

The Company has negotiated a credit facility with the BlueShore Financial (the "BSF") for a commercial mortgage. During the current period, the Company renewed the commercial mortgage for an additional five years under the same terms and monthly payments. The commercial mortgage bears interest at 4.25% per annum until September 1, 2022. The mortgage requires monthly blended payments of \$3,842. Payments will be adjusted at a time of term renewal based on the fixed rate of interest in effect and the remaining amortization period. The mortgage is secured by a rental property of the Company and an assignment of rents.

	September 30, 2017	December 31, 2016
Balance, beginning of the year	\$ 638,655	\$ 657,345
Principal payments made during the year	(14,585)	(18,690)
Balance, end of the year	624,070	638,655
Amount payable within one year	(19,952)	(638,655)
	<u>\$ 604,118</u>	<u>\$ -</u>

6. MORTGAGE / SECOND MORTGAGE (continued)

On February 26, 2015, the Company entered into a second mortgage on its property in Langley as security. The principal amount of the mortgage is \$400,000 with a term of one year at 15% annual interest. As part of the mortgage agreement, the Company has assigned the rental income from the Langley property and the Company's CEO also agreed to provide a personal guarantee to this new second mortgage, and the second mortgage previously held by the CEO has been moved to third position behind the new second mortgage. During the year ended December 31, 2016, the Company entered into a refinanced second mortgage agreement on its property in Langley, B.C., in the amount of \$700,000 from a private lender. The principal amount of the mortgage is \$700,000, bears interest at the rate of 10 per cent per year and is due on demand. Proceed of the mortgage was used toward paying out the prior second mortgage of \$400,000 and the balance was used for general working capital purposes. This revised second mortgage of \$700,000 bears the same security as the previous one of \$400,000 but the CEO does not need to provide personal guarantee; instead, New Age provides a corporate guarantee to the revised second mortgage. Total interest of \$105,000 has been accrued for on this refinanced second mortgage as of September 30, 2017. In August 2017, the Company entered into a debt settlement agreement with the second mortgage holder to settle accrued interest payable of \$140,000 into common shares of the Company (See Note 7). The accrued interest payable of \$105,000 as of September 30, 2017 has been extinguished with the excess amount of \$35,000 being recorded as prepaid interest expense.

7. SHARE CAPITAL

(a)	Authorized: Unlimited common shares without par value
	Issued : 25,209,855 common shares (2016: 6,882,885 common shares)

On May 4, 2001, 2 (Pre consolidation - 10) incorporator shares were issued for \$1.

On December 1, 2013, the amounts of \$2,004,782 due to shareholders and related parties of the Company were settled for 13,365,216 (Pre consolidation - 66,826,081) common shares of the Company at a price of \$0.15 (Pre-consolidation price of \$0.03) per share.

On March 31, 2014, 8,333,333 (Pre-consolidation - 41,666,667) common shares of the Company were returned to treasury for cancellation by shareholders at average price of \$0.15 (Pre-consolidation price of \$0.03) per share for total of \$1,250,000. In consideration, the Company issued non-interest bearing secured loans to two shareholders, to be due in two years (Note 10).

In March and April 2014, the Company issued 400,000 (Pre-consolidation - 2,000,000) common shares of the Company at \$0.15 (Pre-consolidation price of \$0.03) per share to settle a total debt of \$60,000 owing to several external service providers.

On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.50 (Pre-consolidation price of \$0.10) per common shares of the Company and issued a total of 1,200,000 (Pre-consolidation - 6,000,000) common shares (Note 10).

In July 2014, prior to the amalgamation with New Age, the Company completed a non-brokered financing of \$125,500 at a price of \$0.50 (Pre-consolidation price of \$0.10) per share and issued 251,000 (Pre-consolidation -1,255,000) common shares.

On August 13, 2014, shareholders of NHS were issued 6,882,885 (Pre-consolidation - 34,414,424) common shares of New Age in exchange for their shares of the Company and completed the amalgamation with New Age. On December 31, 2016, the Company had 6,882,885 (Pre-consolidation - 34,414,424) common shares prior to the spin out from New Age.

On January 15, 2017, the Company issued 3,489,600 common shares at \$0.05 per share to settled total debts of \$174,480 owing to related parties and an external consultant (See note 5).

7. **SHARE CAPITAL (continued)**

(a) Shares issued (continued)

In July 2017, the Company settled total secured debts of \$827,737 into 8,277,370 common shares of the Company at \$0.10 per share (See Note 10).

In July 2017, the Company closed its 1st tranche of a private placement financing at \$0.05 per unit for total proceeds of \$300,000 and issued 6,000,000 units. Each unit consists of one common share and one share purchase warrant of the Company with an exercise price of \$0.10 per share expiring on July 31, 2022. The Company closed the remaining \$100,000 in November 2017 and issued an additional 2,000,000 units.

In August 2017, the Company settled \$140,000 accrued interest on the second mortgage into 560,000 common shares of the Company at a deemed price of \$0.25 per share (See Note 6).

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. The Company did not grant any options as at September 30, 2017.

8. **CAPITAL DISCLOSURES**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, mortgages, due to related parties, due to shareholders, secured notes payable, secured convertible debts and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. 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 were no changes in the Company's approach to capital management during the period ended September 30, 2017 and the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2017 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	\$ 198,178	\$ -	\$ -	\$ 198,178
	\$ 198,178	\$ -	\$ -	\$ 198,178

(b) Credit risk

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash with major Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at September 30, 2017, the Company had cash and cash equivalents of \$198,178 to settle current liabilities of \$750,959. The mortgage of \$624,078 is to be due on September 1, 2017 (Note 6). The refinanced second mortgage of \$700,000 is due on demand. The secured debts and secured convertible debts of \$827,737 are already matured which were settled into common shares of the Company (Note 7 & Note 10).

9. **FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)**

(d) **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments. The Company is susceptible to interest rate fair value risk on its mortgages, secured note payable and convertible secured debt payable that bear fixed interest rates.

ii) **Foreign currency risk**

The Company's functional currency is the Canadian dollar and major expenditures are transacted in Canadian dollars.

10. **SECURED NOTES PAYABLE / CONVERTIBLE SECURED DEBT**

On March 31, 2014, the note payable in the amount of \$347,737 due to a company owned by an officer of the Company was extinguished by the Company. In consideration for the extinguishment, the Company issued a non-interest bearing secured loan to replace the note payable. Together with the 5,000,000 (Pre-consolidation - 25,000,000) common shares returned to treasury for cancellation at an agreed value of \$750,000, the Company entered into a secured loan agreement with this company. This is a non-interest bearing loan in the amount of \$1,097,737 to be due in two years on March 31, 2016 and secured by the Company's property in Langley secondary to the mortgage currently held by BlueShore Financial.

On June 30, 2014, the Company settled \$600,000 of a secured non-interest bearing loan originally in the amount of \$1,097,737 owing to company controlled by an officer of the Company at \$0.50 (Pre-consolidation price of \$0.10) per common shares of the Company and issued a total of 1,200,000 (Pre-consolidation - 6,000,000) common shares. The Company also amended this secured non-interest bearing loan in the amount of \$497,737 ("Loan 1") to be due in two years on June 30, 2016 and continue to be secured by the Company's property in Langley secondary to the revised second mortgage (Note 6). On April 1, 2015, this secured note was amended to become a convertible secured debt convertible into common shares of New Age at a conversion price of \$0.15 per share with the same due date. Using discounted rate of 10%, the equity portion was determined to be \$58,258, which amount was re-allocated out of contributed surplus and was transferred over to New Age through intercompany account at the time. Gain on extinguishment of this note payable of \$2,341 was also realized and included in the statements of operations in year ended 2015. This secured debt became due on demand on June 30, 2016. On December 31, 2016, prior to the separation from New Age, this loan was amended again and the conversion feature into common shares of New Age was removed and became a non-interest bearing, due on demand secured debt. The loan amount outstanding as at December 31, 2016 and September 30, 2017 was determined to be at \$497,737 (See Note 11). In July 2017, the Company settled this secured loan into common shares of the Company (See Note 7).

On March 31, 2014, another shareholder also returned 3,333,333 (Pre-consolidation - 16,666,667) common shares of the Company to the treasury for cancellation at an agreed value of \$500,000. The Company also entered into a non-interest bearing loan agreement with this shareholder in the amount of \$500,000 ("Loan 2") to be due in two years on March 31, 2016 which became due on demand on March 31, 2016, and secured by the Company's property in Langley with it rights subsequent to the registered holder described above. A prepayment of \$170,000 was made during the year 2015 to an outside party on behalf of this loan holder and it is agreed that the prepayment amount is to be offset against the original loan amount upon maturity. As at December 31, 2016 and September 30, 2017, the loan amount outstanding owing to this shareholder was \$330,000 (See Note 11). In July 2017, the Company settled this secured loan into common shares of the Company (See Note 7).

10. **SECURED NOTES PAYABLE / CONVERTIBLE SECURED DEBT (continued)**

During the year ended December 31, 2014, the total secured loans of \$997,737 were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 10% per annum. The debt discount of \$158,654 was credited to contributed surplus, debited to secured notes and being amortized over the term of the note.

The total discount of \$Nil was charged to interest expense for the period ended September 30, 2017 (2016: \$35,903).

	Convertible Debt	Loan 2	Total
Principal	\$ 497,737	\$ 500,000	\$ 997,737
Unamortized discount	-	-	-
Prepayment	-	(170,000)	(170,000)
December 31, 2016 and June 30, 2017	\$ 497,737	\$ 330,000	\$ 827,737
Settled into common shares of the Company			
September 30, 2017	\$ -	\$ -	\$ -

11. **MARKETABLE SECURITIES**

In August 2017, the Company settled \$300,000 of its loan receivable due from New Age into 3,000,000 common shares of New Age at an agreed price of \$0.10 per share and was originally recognized as marketable securities. As of September 30, 2017, these 3,000,000 common shares of marketable securities had a fair value of \$210,000 and the Company charged the difference to the statements of operations and comprehensive loss as unrealized loss on fair value adjustment to the marketable securities.

12. **SUBSEQUENT EVENTS**

On January 15, 2017, the Company entered into share subscription agreements with one related party and two arms-length parties to subscribe for 8,000,000 units of the Company at \$0.05 per unit for gross proceeds of \$400,000. Each unit consists of one common share and one warrant at an exercise price of \$0.10 within five years. The Company closed \$300,000 of this financing in July of 2017 and closed the remaining \$100,000 from these two parties in November of 2017.

New Age Farm, its former parent company, has paid a completion payment of \$100,000 to the Company for its continued and ongoing support of New Age Farm's strategic plan. The support from the Company has allowed New Age Farm to achieve certain milestones, including the completion of the arrangement to the benefit of the shareholders of New Age Farm who have now received shares of the Company.



MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
AND THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

Accompanying the September 30, 2017 Unaudited Condensed Interim Financial Statements and
Audited Year Ended Financial Statements December 31, 2016 and 2015

**NHS Industries Ltd.
106 - 1641 Lonsdale Avenue
North Vancouver, BC V7M 2T5**

This Management's Discussion & Analysis ("MD&A"), prepared as of January 29, 2018, is intended to be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016 and unaudited condensed interim financial statements for the nine months ended September 30, 2017, and related notes thereto, which have been reported in Canadian dollars, and prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of NHS Industries Ltd. ("NHS," the "**Company**," "**we**," or "**our**") for the period ended September 30, 2017 and the year ended December 31, 2016 and should be read in conjunction with the unaudited condensed interim financial statements for the period ended September 30, 2017 and the audited financial statements for the year ended December 31, 2016 (the "**Financial Statements**").

For additional information please visit the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our real estate holdings, among others, including those identified in the Risk Factors section. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. The Company does not undertake any obligation to update such forward-looking information, whether because of new information, future events or otherwise, except as expressly required by applicable securities law.

Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to completion of site preparation, ability to secure financing on commercially acceptable terms, availability of contractors, suppliers and materials to complete the planned warehouse construction, and planned improvements at the Langley site and the completion of these on schedule and on budget, planned occupancy by tenant-growers, commencement of operations, the risks inherent in an agricultural business, the variability of the weather and conditions needed to raise successful crops, the ability to mitigate the risk of loss through appropriate insurance policies, and the current uncertainty regarding local, provincial and federal legislation respecting legalized marijuana.

These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements.

NHS OPERATIONS

NHS was incorporated under the *Business Corporations Act* (British Columbia) under incorporation number BC0627073 on May 4, 2001 and changed its name to “NHS Industries Ltd.” on September 17, 2010. NHS amalgamated with 0998955 B.C. Limited on August 13, 2014 to become “NHS Industries Ltd.,” then a wholly owned subsidiary of New Age Farm Inc. and now its former parent (“**New Age Farm**”). The Company’s head office is located at 1641 Lonsdale Avenue, Suite 106, North Vancouver, British Columbia, V7M 2T5. New Age Farm’s common shares are listed for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “NF”. NHS and New Age Farm have completed a plan of arrangement as approved by the sole shareholder of NHS and by the New Age Farm shareholders at New Age Farm’s 2016 shareholder meeting (the “**Arrangement**”).

Trends

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development and NHS’ Business

NHS owns an agricultural property in Langley, BC (the “**Langley Site**”) where NHS intends to grow its agricultural land bank and to operate farming campuses in Canada that provide turnkey farming operations for its tenant-growers engaged in the production, processing and sale of luxury crops and value-added food products, including recreational marijuana to be grown in accordance with Canada’s anticipated federal legislation that will legalize recreational marijuana expected to be passed in 2018. NHS’ turnkey operations are designed to provide tenant-growers with the entire infrastructure they require to operate a successful agribusiness for the crops of their choice. Additional processing facilities will be available for the tenant-growers and outside growers to use to process crops into finished products. At each stage of the process, from seed to sale, NHS will provide the support, infrastructure and guidance to its clients in the growing recreational marijuana and small scale production and specialty food industries. A key aspect of NHS’s business model that differentiates us from our competitors is the availability of on-site master growers and gardeners (the “**Master Growers**”) who provide guidance, support and valuable expertise to growers. Master Growers have the experience, insight and knowledge to assist even novice growers to achieve professional results. When a new tenant-grower joins the NHS family, they will be able to use the services of our Master Growers whether they are novice or experienced growers. This will provide for consistency in methodology; making the most efficient and expedient use of the greenhouse facilities; that the greenhouse environment is optimally controlled for all tenant-growers crops’ needs; to provide optimal chance of success to the tenant-grower and for NHS so that all members reap maximum benefits from the crop. Our Master Growers provide an advantage to tenant-growers who work with NHS. Agriculture is a risky business and we want our tenant-growers to have the best opportunity to succeed and we want to achieve the best possible financial outcomes for our stakeholders.

The Langley Site



The Langley Site is a five and a half acre agricultural property located in Langley, BC with a 48,000 square foot greenhouse facility on site, capable of growing 2.4 million 4” potted plants per year; in place peat soil available for sale; and a residential property that is currently leased. The Company has so far completed a geotechnical report and begun to prepare the site for upgrades to the greenhouse and the eventual construction of a LEED certified warehouse and processing facility that can be shared by tenants and small producers for the processing, packaging and storage of finished value added food products that are either grown on site or brought in by local growers. We have negotiated an agreement with a local Langley contractor to remove the peat soil and then to backfill the area where the future warehouse will be situated. The Company is exchanging the excavated peat for the services being provided as a cash neutral way of advancing the property to the next phase of development thereby preserving cash reserves for construction costs such as engineering, architectural, permitting, and construction costs. This work is the first step in readying the site for the construction of the planned 50,000 square foot Tilt-up concrete warehouse structure. Tilt-up concrete construction has been chosen because of its proven advantages that include speed, safety and construction cost benefits. The warehouse will serve the Langley on site tenant-growers and grower/processors from the surrounding community. The completion of these facilities at the Langley Site will allow the Company to generate near term cash flow through a modular and fee based approach that is designed to support small and medium producers.

Besides offering a higher return, value added products can open new markets, create recognition for a farm, expand the market season, and make a positive contribution to the community. The Langley Site will not only provide added value for grown plants; it will be a “green” facility operating with reduced energy costs and carbon neutral processes. The Langley site is the subject of the Arrangement between NHS and New Age Farm.

The Plan of Arrangement

New Age Farm and the Company agreed on a share distribution record date of November 30, 2016 (the “**Share Distribution Record Date**”). As of the Share Distribution Record Date, NHS had 6,882,885 common shares issued and outstanding.

As of the date of this MD&A, New Age Farm has already issued the shares to the qualified shareholders.

The New Age Farm Shares

As of the Share Distribution Record Date, each New Age Farm shareholder of record will continue to hold that number of common shares in the equity of New Age Farm (the “**New Age Farm Shares**”) held by the shareholder prior to the Arrangement. The New Age Farm Shares will be identical in every respect to the shareholders’ current New Age Farm Shares. In addition, each New Age Farm shareholder has received from New Age Farm the number of New Age Farm Shares equal to the issued and outstanding New Age Farm Shares held by the shareholder as of the Share Distribution Record Date, multiplied by a conversion factor. The Company determined that the distribution ratio is 0.065195 with the result that one New Age Farm Share will entitle a shareholder to receive 0.065195 share of NHS for each New Age Farm Share held by the

shareholder as of the Share Distribution Record Date. Therefore, each shareholder has received one New Age Farm Share and his or her pro-rata allotment of the NHS Shares for each NHS Share held prior to the Arrangement.

Effective Date

The Company determined that the effective date of the plan of arrangement was December 31, 2016 (the “**Effective Date**”). This means that shareholders of record as of the Share Distribution Record Date have received their NHS shares after the Effective Date. The Share Distribution Record Date was set for the purpose of determining which shareholders will be entitled to receive the NHS shares.

NHS Share Spin Out

As of the date of this MD&A, the Company and New Age Farm have completed the required steps to issue the shares to the qualified shareholders. We have prepared a series of FAQ’s for shareholders who are seeking more information on the Plan of Arrangement and the distribution of the NHS Shares, which can be found at the website of New Age Farm at <http://newagefarminc.com/investors/nhs-faqs/>. There is a full description of the Plan of Arrangement in New Age Farm’s information circular in relation to its 2016 shareholder meeting available on SEDAR.

NHS and the Langley Site after the Plan of Arrangement

Following the Arrangement, NHS now owns the 5.5 acre Langley Property that is fully Agricultural Land Reserve-approved for an agribusiness. To date, the Company has spent \$650,000 toward the development of the Langley Property business facilities, in addition to the cost of the Langley Property, and estimates that the replacement cost of existing equipment is approximately \$1,500,000. NHS intends to follow through on the plan to develop the site to include an operating kitchen, the warehouse space, and a cold storage facility.

Clients can process fruits, vegetables, herbs and flowers that are produced on their small farms and operations using different modules to create product. Clients may also grow their produce using NHS’ greenhouse facilities. Fruits, vegetables, herbs and flowers can also be used in secondary modules to produce bulk powders, whole leaves, extracts and sprays. Clients will have the option of running their own processes under the supervision of NHS staff or NHS will do the processing for them.

NHS will offer a variety of support functions to help bring clients’ products to market; these will include brand identification, labelling, packaging, distribution, and marketing assistance. NHS intends to engage qualified and experienced staff to assist clients in the use of the different modules, to ensure that high safety and sanitation standards are met, and to provide supervision in the use of the facilities and equipment to ensure a high quality experience for each client user.

Another area that NHS will explore is the growing and processing of cannabis; Canada’s federal government is expected to enact legislation in 2018 that will legalize recreational marijuana. If NHS determines that the ROI is acceptable, it will pursue the implementation of a turnkey model. NHS intends to be prepared to take advantage of this potential market when the time comes.

The agricultural business is risky and dependent on many factors. During the past year, NHS had the opportunity to observe New Age Farm's progress with the business model, as a hands-on test, allowing us to see it in action over a complete fiscal cycle for the first time. We have seen setbacks and delays with tenant-growers bringing their crops to maturity and in achieving revenue status. In 2016, we had the opportunity to ride down the experience curve, helping us understand the requisite core competencies and capabilities, how to make the best use of resources, and to refine the financial model. The best way for us to maximize revenues and return on investment is for our tenant-growers to succeed. We will not realize maximum revenue if tenant-growers do not bring a crop successfully to market. While all our tenant-growers will pay a base rent for use of the facility, our revenue model is dependent on the value-added services and the use of our competencies and resources to help them achieve superior results. We need to deliver those superior results in order to create demand for our services and, in turn, to allow us to continue to charge a premium price for the NHS advantage.

The lessons learned over the past year will be of great benefit to management and employees as we move forward with the Langley Site and replicate our business model in Canada.

Preliminary Prospectus and Stock Exchange Listing

The Company filed a non-offering preliminary prospectus in November, 2017 (the "NOP") and filed its final prospectus in January 2018. . The Company has received conditional approval from the CSE to list its common shares for trading on the CSE. This entire process may take from a few weeks to several months depending on a variety of factors including the feedback and comments received from the BCSC and the CSE, the number of filings and applications by other issuers that are ahead of us in line, and securing the advice of experts where needed.

QUARTERLY RESULTS

Nine Months of Operations to September 30, 2017

During the period ended June 30, 2017, the Company incurred insurance expense of \$8,907 in 2017 vs \$8,205 in 2016; an increase of \$702 or 8.6% increase. The increase was mainly due to higher insurance on the Langley Property in 2017.

Interest expense in 2017 increased from \$55,894 to \$72,493 by \$16,599 or 30% decrease. The main reason for the increase was due to accrued interest expense on the refinanced second mortgage for three quarters in 2017 vs. two quarter of accrued interest on the refinanced second mortgage in 2016.

The accretion expenses incurred in 2017 decreased from \$35,903 to \$Nil. The main reason for the significant decrease was due to the maturity of the secured debts at end of Q1 and Q2 of 2016 and thus no accretion expense in 2017.

Amortization expenses of \$17,937 recorded in 2017 vs \$18,236 recorded in 2016 or a slight decrease of \$299 by 1.6%. Amortization expenses were calculated at declining balance rate and the amount of decrease is in line of the amortization policy selected.

The Company did not incur any professional fees in 2017 vs. \$4,355 in 2016. The Company incurred professional fees in 2016 as result of refinancing the second mortgage.

The Company incurred property taxes of \$7,008 in 2017 vs. \$5,087 in 2016. The difference was mainly due to timing difference in receiving the property taxes invoice.

The Company recorded an unrealized loss on adjustment to fair value of marketable securities of \$90,000 in third quarter of 2017 while there was no such marketable security in 2016.

Rental income in 2017 was \$69,571 vs. \$63,000, an increase of \$6,571 or 10% due to the Company started to charge a higher rental rate since April of 2017.

Three Months of Operations to September 30, 2017

The Company incurred insurance expenses of \$2,969 in 2017 vs. \$3,077 in 2016 or slight decrease of \$108 or 3.5% which was comparable.

Interest expenses incurred in 2017 was \$24,161 vs. \$24,561 in 2016 or a slight decrease of \$400 or 1.6% which was comparable.

Amortization expenses incurred in 2017 was \$5,979 vs. \$6,139 in 2016, a slight decrease of \$160 or less than 2.6% which was comparable.

The Company also incurred property taxes of \$2,000 in 2017 vs. \$5,987 in 2016 due to timing difference in receiving the property taxes invoice.

The Company recorded an unrealized loss on adjustment to fair value of marketable securities of \$90,000 in third quarter of 2017 while there was no such marketable security in 2016.

Rental income in 2017 was \$24,285 vs. \$21,000, an increase of \$3,285 or 15.6% due to the Company started to charge a higher rental rate since April of 2017.

Twelve Months of Operations to December 31, 2016

During the year ended December 31, 2016, the Company incurred a net loss of \$86,184 vs \$870,903 in 2015 or a decrease of loss by \$784,719 or 90%. The main reason for the large decrease in loss was due to a large write off of development cost incurred in 2015 while no such write off was incurred in 2016. Other reasons of changes are described as below.

The Company incurred professional fees of \$13,855 vs \$3,951 in 2015, an increase of \$9,904 or 250%. The main reason of increase was due to additional audit fees accrual in current year 2016.

The Company incurred insurance expense of \$10,221 in 2016 vs \$17,469 in 2015; a decrease of \$7,248 or 41% increase. The decrease was mainly due to lower insurance on the Langley Property in 2016.

Interest expense in 2016 decreased from \$83,534 to \$79,914 by \$3,620 or 4% decrease. The main reason for the decrease was due to less interest expense on the first mortgage and the interest rate on the refinanced second mortgage was at 5% rate lower than the original second mortgage.

The accretion expenses incurred in 2016 decreased from \$88,663 to \$35,903 or 59% decrease. The main reason for the significant decrease was due to the maturity of the secured debts at end of Q1 and Q2 vs a full year of accretion expense in 2015.

Utility expenses of \$6,037 was incurred in 2016 vs \$4,841 in 2015 due to mainly higher property taxes and utility expenses paid on the property.

Amortization expenses of \$24,193 recorded in 2016 vs \$24,559 recorded in 2015 or a slight decrease of \$366 by 1%. Amortization expenses were calculated at declining balance rate and the amount of decrease is in line of the amortization policy selected.

The Company also recognized a small gain on extinguishment of notes payable during 2015 while there was no such gain incurred in 2016.

During 2015, the Company also wrote off development costs of \$650,000 which was spent in prior years for preparing the site to construct a building. No such write off incurred in 2016.

Three Months of Operations to December 31, 2016

During the three months' period ended December 31, 2016, the Company incurred a net loss of \$21,441 vs \$688,663 in 2015, a large decrease of \$667,222 or 97%. The main reason for the large decrease was due to a large development cost write off of \$650,000 incurred in 2015 but no such cost incurred in 2016.

The Company incurred accretion expenses of \$23,218 in 2015 vs. \$nil in 2016, resulting another decrease in loss of \$23,218 in 2016.

The Company incurred interest expenses of \$24,020 in 2016 vs. \$26,936 in 2015, a decrease of \$2,916 or 11%, mainly due to less interest payment was made from the monthly payments on the first mortgage in 2016.

The Company incurred insurance expense of \$2,016 in 2016 vs \$3,311 in 2015, a decrease of \$1,295 or 39%, due to timing of making the insurance payments. Professional fees incurred in 2016 however was \$9,500 vs. \$Nil in 2015, a large increase due to additional audit fees was incurred in separating the Company's financial statements from New Age.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

	September 30, 2017	Year ended December 31, 2016	December 31, 2015
Total Revenue	\$ 69,571	\$ 84,000	\$ 84,000
Interest income	50	29	75
Expenses	197,463	170,213	223,244
Net loss	(127,842)	(86,184)	(870,903)
Total assets	2,229,653	1,981,101	1,516,515
Total long-term liabilities	-	619,327	638,820
Net loss per share (basic and diluted)	(0.008)	(0.013)	(0.11)

SELECTED QUARTERLY INFORMATION

The following table summarizes the results of operations for the eight recent quarters.

	September 30, 2017	June 30, 2017	Three months ended March 31, 2017	December 31, 2016
Total Revenue	\$ 24,285	\$ 24,286	\$ 21,000	\$ 21,000
Interest income	21	14	15	20
Expenses	126,148	38,195	33,120	42,460
Net loss	(101,842)	(13,895)	(12,105)	(21,441)
Net loss per share and diluted loss per share	(0.004)	(0.001)	(0.001)	(0.003)

	September 30 2016	June 30 2016	Three months ended March 31 2016	December 31 2015
Total Revenue	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000
Interest income	-	3	6	20
Expenses	38,897	50,136	38,720	709,684
Net loss	(17,897)	(29,133)	(17,713)	(688,663)
Net loss per share and diluted loss per share	(0.003)	(0.004)	(0.003)	(0.10)

LIQUIDITY

The Company is a startup agricultural based company and has a small regular source of income and may have incidental interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's loans, lease payments and debt covenants are in good standing as of the date of this MD&A.

During the first quarter of 2015, the Company raised \$400,000 from a second mortgage on its Langley property to finance its acquisition of the property in the State of Washington at an interest rate of 15%. During 2016, this second mortgage came due and NHS entered into a refinanced second mortgage agreement on its Langley property for an amount of \$700,000 from a private lender. The principal amount of the mortgage is \$700,000 and bears interest at the rate of 10 per cent per year with a term of five years. Proceed of the mortgage were used toward replacing the second mortgage of \$400,000 and majority of the remaining balance was used towards funding its parent company, New Age Farm, in financing its facility construction on Oroville property in the State of Washington in USA.

The Company has settled \$174,480 of its short term debts into common shares of the Company in January of 2017 which has improved slightly of its equity position. The Company also closed the 1st tranche of its total \$400,000 private placement units for \$300,000 in July 2017 and closed the remaining \$100,000 in November 2017. The cash injected into the Company from equity financing has significantly improved its cash position and working capital. Additionally in July 2017, the secured debt holders who are owed total of \$827,737 agreed to settle their debts into common shares of the Company prior to receipt of the final prospectus. The closing of the private placements, together with the settlements of the secured debts, has further improved NHS' equity

position and reduced a significant amount of its debts. All of these have significantly improved the liquidity of the Company's financial position. The renewal of the Company's first mortgage on the Langley property, effective September 2017, has been completed and further improves its working capital position as the current first mortgage can now be reclassified from short term to long term loans. The settling out of a portion of the note payable with New Age Arm into 3,000,000 common shares in the equity of New Age Farm, which may be sold into the market to provide working capital as needed, is another positive development that has created greater liquidity. New Age Farm has signed a promissory note due in one year for the balance of the amount owing to NHS. The Company also settled \$140,000 of interest accrued on the 2nd mortgage into 560,000 common shares of the Company at a deemed price of \$0.25 per share.

Rent collected from the tenant will continue to offset the carrying cost of the mortgage and the existing longtime tenant intends to remain. The tenant is responsible for the incidental costs of operating the property (power, water, etc.) and this contributes to a lowered overhead cost of carrying the Langley Property.

Directors of the Company intend to forego director fees until the Company has sufficient working capital to allow for these fees to be paid. Senior management intends to delay payment of management fees until the Company has raised sufficient working capital. They are committed to achieving the Company's strategic goals and are willing to forego payment in the short term to achieve long term success for the Company and its stakeholders.

Upon completion of all of the formalities of Listing on the CSE, the Company will work with a financial advisor to assist with raising funds to meet short term and long term goals as well as to develop an ongoing long term plan to keep the company in operation until revenues are sufficient to support the operations. As part of its financial planning, management intends to pursue further equity financing to meet its working capital requirements and is reasonably confident that it will be able to continue to fund the Company in this manner. However, should the Company be unsuccessful in raising capital through equity financing it may need to consider borrowing funds from one or more directors or shareholders. At this time, the Company has no plans to borrow money and there have been no promises or arrangements made to fund the Company in this manner.

The Company currently has no subsidiaries.

CAPITAL RESOURCES

There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

The Company finished its last financing in July 2014 prior to its acquisition or merging with New Age Farm Inc. The Company did not issue any shares during the year ended December 31, 2016 but settled debts of \$1,142,217 into common shares of the Company during the period ended September 30, 2017.

As discussed in the liquidity section, the Company's closing of its first tranche private placement units of \$300,000, the settlement of the unsecured debts of \$174,480, the settlement of the secured debts of \$827,737 and the settlement of \$140,000 interest accrued on second mortgage within July and August 2017 has significantly increased the Company's capital position.

OFF BALANCE SHEET ARRANGEMENTS

As at September 30, 2017 and December 31, 2016, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company plans to complete the excavation of the peat reserves at the Langley Agri-campus over the remainder of 2017 and during 2018 in preparation for the build out of the planned warehousing and processing facility.

TRANSACTIONS WITH RELATED PARTIES

Nine Months of Operations to September 30, 2017

The amounts of \$12,550 (2016 - \$Nil) due from Carman Parente, the Chief Executive Officer, and a company controlled by him, a related party, are non-interest bearing, unsecured and without fixed terms of repayment.

On December 31, 2016, as part of the spin-off process, New Age Farm and the Company entered into an agreement to have \$363,750 of accrued liabilities owing to CEO (\$257,000), CFO (\$76,750) and an external consultant (\$30,000) of New Age Farm transferred over and assumed by the Company. In August 2017, the Company also settled \$300,000 of the loan receivables due from New Age into 3,000,000 common shares of New Age (Note 11 of the unaudited condensed interim financial statements for period ended September 30, 2017). As at September 30, 2017, New Age Farm owes to the Company a loan of \$566,335 (2016 - \$740,941) which is non-secured, non-interest bearing and with no fixed terms of repayment. As noted under Liquidity, \$300,000 of this loan has been settled into shares and the balance of \$440,941 has been recorded as a promissory note due in August 2018. During the nine months ended September 30, 2017, the amounts owing to CEO of \$67,730 and CFO of \$76,750 have been settled into common shares of the Company.

For other related party transactions, please also refer to note 10 of the unaudited condensed interim financial statements for its period ended September 30, 2017.

For the period ended September 30, 2017 and September 30, 2016, the management of the Company did not receive any management compensation from the Company.

Twelve Months of Operations to December 31, 2016

The amounts of \$Nil (2015 - \$132,020) due from Carman Parente, the Chief Executive Officer, and a company controlled by him, a related party, are non-interest bearing, unsecured and without fixed terms of repayment.

On December 31, 2016, as part of the spin-off process, New Age Farm and the Company entered into an agreement to have \$363,750 of accrued liabilities owing to CEO (\$257,000), CFO (\$76,750) and an external consultant (\$30,000) of New Age Farm transferred over and assumed by the Company. As at December 31, 2016, New Age Farm owes to the Company a loan of \$740,941 (2015

- \$146,010) which is non-secured, non-interest bearing with no fixed terms of repayment. After the assumption of debts from New Age Farm, the Company owes \$67,730 (2015 – owed by CEO of \$132,020) to CEO and \$76,750 (2015 - \$Nil) to CFO for a total of \$144,480, which are non-secured, non-interest bearing with no fixed terms of repayment. Subsequent to the year end, the amounts owing to CEO of \$67,730 and CFO of \$76,750 have been settled into common shares of the Company.

For other related party transactions, please also refer to note 10 of the audited financial statements for its year ended December 31, 2016.

For the year ended December 31, 2016 and December 31, 2015, the management of the Company did not receive any management compensation from the Company.

Name and Position	Payment Description	Nine Months June 30		Year Ended December 31	
		2017	2016	2016	2015
Carman Parente¹ CEO and a Director	Consulting fees for services as CEO	\$Nil	\$Nil	\$Nil	\$Nil
	Share compensation	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
Anthony Chan² Chief Financial Officer and a Director	Consulting fees for services as CFO	\$Nil	\$Nil	\$Nil	\$Nil
	Share compensation	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
David A. Johnson³ Director	Consulting fees	\$Nil	\$Nil	\$Nil	\$Nil
	Share compensation	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
Lorraine Pike⁴ Director	Consulting fees for corporate services	\$Nil	\$Nil	\$Nil	\$Nil
	Share compensation	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$Nil</u>

Notes

1. Carman Parente has been a director and CEO since the Company's inception.
2. Anthony Chan was appointed CFO and became a director effective as of November 30, 2016.
3. David A. Johnson was appointed as a director effective November 30, 2016.
4. Lorraine Pike become a director effective as of November 30, 2016

OUTSTANDING SHARE DATA

Authorized share capital:

Unlimited common shares without par value

Issued and Outstanding:

As of the date of this MD&A the Company has 27,209,855 common shares outstanding.

Balance as of January 1, 2017		6,882,885	\$1,540,183
January 15, 2017	Settlement of debts	3,489,600	\$ 174,480
July 2017	Private placements	6,000,000	\$ 300,000
July 2017	Settlements of secured debts	8,277,370	\$ 827,737
August 2017	Settlement of accrued interest	560,000	\$ 140,000
November 2017	Private placements	2,000,000	\$ 100,000
Balance January 29, 2018		27,209,855	\$3,082,400

Stock Options:

As of the date of this MD&A the Company has no stock options issued and outstanding.

Warrants:

As of the date of this MD&A the Company has 8,000,000 warrants issued and outstanding in connection with the closing of the recent private placements.

CONTINGENCIES

Except for the commitments mentioned in Liquidity subsection (a), there is no other contingency outstanding as of date of this discussion.

SUBSEQUENT EVENTS

The following events took place after September 30, 2017, but during the reporting period for this MD&A:

On January 15, 2017, the Company entered into share subscription agreements with one related party and two arms-length parties to subscribe for 8,000,000 units of the Company at \$0.05 per unit for gross proceeds of \$400,000. Each unit consists of one common share and one warrant at an exercise price of \$0.10 within five years. The Company closed \$300,000 of this financing in July of 2017 and closed the remaining \$100,000 from these two parties in November of 2017.

New Age Farm, its former parent company, has paid a completion payment of \$100,000 to the Company for its continued and ongoing support of New Age Farm's strategic plan. The support from the Company has allowed New Age Farm to achieve certain milestones, including the completion of the arrangement to the benefit of the shareholders of New Age Farm who have now received shares of the Company.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These Unaudited Condensed Interim Financial Statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. These Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Unaudited Condensed Interim Financial Statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The Unaudited Condensed Interim Financial Statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Please see the Company's audited annual financial statements for the year ended December 31, 2016 and the financial statements for the nine months ended September 30, 2017 for a summary of significant accounting policies and estimates.

RISKS AND UNCERTAINTIES

A full discussion of the Risks and Uncertainties associated with the Company's business is included in the Company's NOP, available on SEDAR.

Officers and Directors

Carman Parente	President, CEO & Director
Anthony Chan	CFO & Director
Lorraine Pike	Director
David A. Johnson	Director

CERTIFICATE OF THE COMPANY

Dated: January 29, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

(signed) Carman Parente
President & Chief Executive Officer

(signed) Anthony Chan
Chief Financial Officer

On behalf of the Board of Directors

(signed) C. Lorraine Pike
Director

(signed) David A. Johnson
Director

(signed) Carman Parente
Director

(signed) Anthony Chan
Director

On behalf of the Promoter

(signed) Carman Parente
Promoter