LAGUNA BLENDS INC.

(FORMERLY GRENADIER RESOURCE CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

(Expressed in Canadian Dollars)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the three months ended June 30, 2016.

LAGUNA BLENDS INC.

(formerly GRENADIER RESOURCE CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at		June 30, 2016		March 31, 2016
ASSETS				
Current				
Cash	$	74,702	$	105,814
Prepaid expenses and deposits		21,869		35,565
Receivables (Note 6)		54,889		65,637
Inventory		310,547		277,547
Total current assets		462,007		484,563
Equipment (Note 5)		-		-
Total Assets	$	462,007	$	484,563
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 9)	$	256,720	$	250,643
Due to related parties (Note 9)		8,784		41,666
Loans payable (Notes 4, 7 and 9)		890,000		935,000
Total current liabilities		1,155,504		1,227,309
Shareholders' equity				
Share capital (Note 8)		8,311,322		7,907,861
Reserves (Note 8)		944,862		939,203
Accumulated Deficit		(9,949,681)		(9,589,810)
Total shareholder's equity		(693,497)		(742,746)
Total Liabilities and Shareholder's Equity	$	462,007	$	484,563

Nature of operations and going concern (Note 1)
Events after the Reporting Period (Note 14)

Approved and authorized by the Board on August 29, 2016:

Stuart Gray Director Martin Carleton Director

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

LAGUNA BLENDS INC.

(formerly GRENADIER RESOURCE CORP.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		For the three months ended June 30, 2016		For the three months ended June 30, 2015
Net sales	$	47,185	$	-
Cost of goods sold		(32,873)		-
Gross profit		14,312		
Operating Expenses				
Consulting fees (Note 9)	$	82,300	$	120,375
Business development		6,292		737,741
Filing and transfer agent fees		4,059		-
Investor relations		41,597		-
Management fees (Note 9)		69,993		-
Office and administration (Note 9)		25,900		30,687
Professional fees		48,046		36,131
Rent		9,044		-
Share based compensation (Note 8 and 9)		65,445		-
Travel and promotions		5,640		-
Warehouse supplies		8,379		-
Website expenses		4,953		-
		371,648		924,934
Loss from operations	$	(357,336)	$	(924,934)
Other income (expense)				
Other income		12,246		-
Interest expense (Note 9)		(14,781)		-
Net comprehensive loss for the period	$	(359,871)	$	(924,934)
Basic and diluted loss per common share	$	(0.02)	$	(0.03)
Weighted average number of common shares outstanding		21,360,514		28,099,221

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

LAGUNA BLENDS INC.

(formerly GRENADIER RESOURCE CORP.)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

		For the three months ended June 30, 2016		For the three months ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(359,871)	$	(924,934)
Items not involving cash:				
Shares issued for services		65,445		-
Share-based payments		-		621,000
Changes in non-cash working capital items:				
Receivables		10,748		(12,051)
Prepaid		13,696		57,919
Inventory		(33,000)		-
Accounts payable and accrued liabilities		6,077		29,434
Related parties		(32,882)		-
Cash used in operating activities		(329,787)		(228,632)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of common shares		343,675		-
Proceeds (repayment) from the issuance of loans payable		(45,000)		215,000
Cash provided by financing activities		298,675		215,000
Change in cash during the period		(31,112)		(13,632)
Cash, beginning of period		105,814		14,560
Cash, end of period	$	74,702	$	928
Cash paid during the period for interest	$	14,781	$	-

Supplemental Cash Flow Information (Note 15)

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

LAGUNA BLENDS INC.
(formerly GRENADIER RESOURCE CORP.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital		Reserves			
	Number	Amount	Warrants	Stock-based compensation	Deficit	Total
Balance, March 31, 2015	10,400,040	565,000	10,000	300	(912,978)	(337,678)
Shares issued for services	920,000	621,000	-	-	-	621,000
Shares returned to treasury	(816,040)	-	-	-	-	-
Net Loss for the period	-	-	-	-	(924,934)	(924,934)
Balance, June 30, 2015	10,504,000	1,186,000	10,000	300	(1,837,912)	(641,612)
Shares issued for cash	1,585,954	369,180	153,488	-	-	522,668
Company balance prior to RTO	6,741,973	851,399	1,030,414	809,154	(2,229,205)	461,762
RTO adjustment	-	(851,399)	(1,030,414)	(809,154)	2,229,205	(461,762)
Elimination of shares of Laguna Blends (USA) Inc.	(11,064,000)	-	-	-	-	-
Share issuance – RTO	11,064,000	6,067,775	-	441,000	-	6,508,775
Shares for promissory notes	560,000	66,525	-	-	-	66,525
Shares issued to settle accounts payable	967,299	218,381	-	-	-	218,381
Shares to be issued for services	-	-	-	25,000	-	25,000
Stock based compensation	-	-	-	309,415	-	309,415
Net Loss for the period	-	-	-	-	(7,751,898)	(7,751,898)
Balance, March 31, 2016	20,359,226	$ 7,907,861	$ 163,488	$ 775,715	$ (9,589,810)	$ (742,746)
Shares issued for cash	2,833,409	327,675	-	-	-	327,675
Shares issued for services	547,402	59,786	-	-	-	59,786
Shares issued pursuant to options exercised	200,000	16,000	-	-	-	16,000
Stock-based compensation	-	-	-	5,659	-	5,659
Net Loss for the period	-	-	-	-	(359,871)	(359,871)
Balance, June 30, 2016	23,940,037	$ 8,311,322	$ 163,488	$ 781,374	$ (9,949,681)	$ (693,497)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Laguna Blends Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 2, 2014, as Grenadier Resource Corp. The Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "GAD" in July 2014. The Company is a network marketing Company focused on the nutritional health benefits that are derived from hemp.

The Company changed its name from Grenadier Resource Corp. to Laguna Blends Inc. on September 18, 2015 in conjunction with a reverse takeover transaction (the "RTO") (Note 4). On September 22, 2015, the Company resumed trading on the Canadian Securities Exchange at the opening of the market on September 23, 2015 under the new symbol "LAG".

The Company's registered and records office is at 800, 885 West Georgia Street, Vancouver, BC V6C 3H1. The corporate head office is at 302 – 1912 Enterprise Way, Kelowna, BC V1Y 9S9.

Effective January 6, 2016, the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation share for every 2.5 pre-consolidation common shares previously held. All references to share, per share amounts and exercise prices have been retroactively restated to reflect the effect of the share consolidation.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the three month period ended June 30, 2016, the Company's operations do not generate cash flows, the Company had incurred a net loss of $359,871 and the Company had an accumulated deficit of $9,949,681. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may give rise to significant doubt about the entity's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ('IAS") 34 Interim Financial Reporting.

These financial statements are authorized for issued by the Board of Directors on August 29, 2016.

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars, which is the Company's functional currency, unless otherwise specified.

These consolidated financials incorporate the financial statements of the Company and its wholly controlled subsidiaries, Laguna Blends (USA) Inc. ("Laguna USA"), a company incorporated in the State of Nevada and extra-provincially registered in British Columbia and Laguna Blends (Canada) Inc. ("Laguna Canada"), a company incorporated in British Columbia. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION - (Continued)

Use of Estimates and Judgments

The preparation of these consolidated financial 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 expenses during the period. Actual results could differ from these estimates.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long term operating budget, expected profitability, investing and financing activities and managements strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Critical Accounting Estimates

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

The inputs in accounting for share based payment transactions in the statements of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted and forfeiture rate.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following three categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets or loans and receivable.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties, and loans payable. Subsequent to initial recognition, accounts payable and accrued financial liabilities, due to related parties, and loans payable are measured at amortized cost using the effective interest method. All are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of the available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets or liabilities.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

The Company recognizes product sales when it is probable that the economic benefits will flow to the Company, the goods are received by the customers and the significant risks and benefits of ownership are transferred, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. Revenue is measured based on the price specified, net of sales commissions expenses, trade discounts and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns.

Accounts receivable consist of amounts due from customers and are recorded upon the sale of product to customers. Credit terms are extended to customers in the normal course of business and no collateral is required. The Company estimates an allowance for doubtful accounts based on historical losses, the existing economic conditions and the financial stability of its customers. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Inventory

Inventory is stated at the lower of cost or market value. Cost is determined using the weighted average method, which under the circumstances, management believes will provide for the most practical basis for the measurement of periodic income. Management periodically reviews inventory for slow moving or obsolete items and considers realizability based on the Company's marketing strategies and sales forecasts to determine if an allowance is necessary. If market value is below cost then an allowance is created to adjust the carrying amount of inventory.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Equipment

Equipment items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the declining balance method at the following annual rates:

Office Furniture	Declining-Balance	20%
Computer Equipment	Declining-Balance	55%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

Basic and Diluted Loss per Share

Basic losses per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by the application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as part of private placement units with the value attributed to the warrants recorded as a separate component of equity.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options granted to employees is measured as grant date, using the Black-Scholes option pricing model, and is recognized immediately that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and all its subsidiaries is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transaction. Exchange gains and losses arising on translation are included in the statement of comprehensive loss or income.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority

New standards not yet adopted

IFRS 9: Financial Instruments was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing de-recognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company’s financial instruments has not yet been determined.

IFRS 15: Revenue from Contracts and Customers (“IFRS 15”), was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES– (Continued)

effective for annual years beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS 15 on its financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization: The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the consolidated financial statements given that the Company has not used a revenue-based method to depreciate its non-current assets.

4. REVERSE TAKEOVER TRANSACTION

On September 18, 2015, the Company completed the RTO with Laguna Blends Inc. ("Laguna Blends (USA) Inc.") pursuant to which the Company acquired all of the outstanding securities of Laguna Blends (USA) Inc. As part of the transaction, the Company changed its name to Laguna Blends Inc. and Laguna Blends Inc. changed its name to Laguna Blends (USA) Inc. Laguna Blends (USA) Inc. became a wholly owned subsidiary of the Company. As at March 31, 2015, the Company had advanced $320,000 to Laguna Blends (USA) Inc. pursuant to the letter of intent. Prior to the completion of the RTO, the Company advanced an additional $150,000 to Laguna Blends (USA) Inc. All amounts advanced were eliminated on completion of the RTO.

The terms of transaction were as follows:

- An exchange of common shares of the Company and Laguna Blends (USA) Inc. at a ratio of one share of the Company share for every one share of Laguna Blends (USA) Inc. (11,064,000 common shares of the Company issued);
- Share purchase warrants and stock options of the Company were issued to/exchanged with holders of Laguna Blends (USA) Inc. convertible securities.

The acquisition of Laguna Blends (USA) Inc. was accounted for as reverse takeover transaction that was not a business combination and effectively a capital transaction of the Company. Laguna Blends (USA) Inc. has been treated as the accounting parent (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Laguna Blends (USA) Inc. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Laguna Blends Inc.'s results of operations have been included from the date of the RTO. The legal capital continues to be that of Laguna Blends Inc., the legal parent. These consolidated financial statements are a continuation of those of Laguna Blends (USA) Inc. which was incorporated on June 24, 2014.

The purchase price of $6,508,775 was calculated based on a share value of $0.36 and an option value of $0.24 based on the Black-Scholes option pricing model with an expected volatility of 100%, dividend yield of 0.00%, expected life of 1.6 years, and a risk-free rate of 0.81%.

	Total
Purchase price in shares	$ 6,067,775
Purchase price in options	441,000
Total Purchase Price	$ 6,508,775
Preliminary allocation of purchase price:	
Net working capital	$ 403,550
Equipment	58,412

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER TRANSACTION (continued)

Charges related to public company listing		6,047,013
	$	6,508,775

The fair value of the Company's net assets is estimated to be consistent with their carrying value.

5. EQUIPMENT

		Office equipment		Computer equipment		Total
Cost						
Balance, March 31, 2015 & June 30, 2015	$	-	$	-	$	-
Additions		54,667		3,745		58,412
Impairment writedown		(54,667)		(3,745)		(58,412)
Balance, March 31, 2016 & June 30, 2016	$	-	$	-	$	-
Accumulated depreciation						
Balance, March 31, 2015 & June 30, 2015	$	-	$	-	$	-
Depreciation for the period		-		-		-
Impairment writedown		-		-		-
Balance, March 31, 2016 & June 30, 2016	$	-	$	-	$	-
Carrying amounts						
As at March 31, 2015 & June 30, 2015	$	-	$	-	$	-
As at March 31, 2016 & June 30, 2016	$	-	$	-	$	-

6. RECEIVABLES

Receivables recognized on the statement of financial position are comprised of:

		June 30, 2016		June 30, 2015
Sales tax recoverable	$	27,626	$	17,980
Trade receivables		27,263		-
Balance	$	54,889	$	17,980

Sales tax receivable is due from Canadian government taxation authorities

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

(Expressed in Canadian Dollars)

7. LOANS PAYABLE

	June 30, 2016	June 30, 2015
Secured loan payable, bearing interest at 10% per annum, due July 16, 2016.	$ 250,000	$ -
Secured loan payable, bearing interest at 10% per annum, due July 31, 2016	50,000	-
Secured loans payable, bearing interest at 10% per annum, due November 12, 2016	150,000	-
Secured loan payable, bearing interest at 10% per annum, due December 11, 2016	100,000	-
Secured loans payable, bearing interest at 10% per annum, due January 20, 2017	200,000	-
Secured loan payable, bearing interest at 10% per annum, due January 28, 2017	10,000	-
Secured loans payable, bearing interest at 10% per annum, due March 24, 2017	130,000	-
Balance, June 30, 2016	890,000	-
Less: Current portion	(890,000)	-
Long term portion	$ -	$ -

During the year ended March 31, 2016, the Company, through its wholly owned subsidiary Laguna USA, entered into various loan agreements in the aggregate principal amount of $935,000. The loans are secured by a charge against all present and future inventory of Laguna USA and are bearing interest at a rate of 10% per annum, payable on each monthly anniversary of the date of the respective loan agreement. The loans may be prepaid at any time during the term of the loan, together with any accrued and unpaid interest then outstanding. During the three month period ended June 30, 2016, the Company reduced loans payable by $45,000.

During the three month period ended June 30, 2016, the Company entered into an amended loan agreement to extend the maturity date of the $250,000 loan payable to July 16, 2017.

During the three month period ended June 30, 2016, the Company recorded $14,781 (2015: $0).

8. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common without par value.

b) Issued share capital

Effective January 6, 2016, the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation share for every 2.5 pre-consolidation common shares previously held. All references to share, per share amounts and exercise prices have been retroactively restated to reflect the effect of the share consolidation.

Changes in the issued common shares of the Company during the period ended June 30, 2016 were as follows:

i. On May 17, 2016, completed a non-brokered private placement by issuing 1,763,409 common shares at a price of $0.11 per common share for total proceeds of $193,975.

8. SHARE CAPITAL (continued)

ii. On June 2, 2016, the Company issued 22,727 common shares at a deemed price of $0.11 per common share in connection with debt settlement agreements for a total of $2,500 as settlement for consulting services with an unrelated party.

iii. On June 2, 2016, the Company issued 438,960 common shares at a deemed price of $0.11 per common share in connection with debt settlement agreements for a total of $48,286 as settlement for consulting services with a related party.

iv. On June 23, 2016, the Company issued 85,714 common shares at a deemed price of $0.105 per common share in connection with debt settlement agreements for a total of $9,000 as settlement for consulting services with a related party.

v. On June 30, 2016, the Company issued 200,000 common shares pursuant to the exercise of options at a price of $0.16 per share.

vi. On, June 30, 2016, the Company received subscriptions for a non-brokered private placement and is obligated to issue 1,070,000 common shares at a price of $0.11 per common share for total proceeds of $117,700.

Changes in the issued common shares of the Company during the year ended March 31, 2016 and the period ended March 31, 2015 were as follows:

Year ended March 31, 2015:

i. On June 24, 2014, the Company issued 40 common shares at par value of $0.0025 per share for total proceeds of $0.10.

ii. On December 20, 2014, the Company issued 1,455,700 common shares at deemed price of $0.05 for total proceeds of $72,785 to settle convertible debts totaling $72,785.

iii. On December 31, 2014, the Company issued 2,200,000 common shares at a deemed price of $0.05 per share for a total of $110,000 in exchange for consulting services with unrelated parties.

iv. On December 31, 2014, the Company issued 2,544,300 common shares at a deemed price of $0.05 per share for a total of $127,215 in exchange for consulting services with officers of the Company.

v. On January 30, 2015, the Company and a lender entered into an agreement to amend the terms of the four promissory notes totaling $105,000 bearing interest at 10% per annum and make the principal amount of the notes convertible into common shares of the Company. The Company issued to the purchaser, a convertible debenture for $105,000 maturing on June 30, 2015. The convertible debenture allows the purchaser to convert the principal amount of $105,000 into 1,200,000 common shares of the Company at $0.09 per share. On January 30, 2015, the purchaser converted the principle amount into 1,200,000 shares for the total value of $105,000.

vi. On March 31, 2015, the Company issued 3,000,000 common shares at a deemed price of $0.05 per share for a total of $150,000.

Year ended March 31, 2016:

vii. On April 7, 2015, the Company issued 920,000 common shares at a deemed price of $0.675 per share for a total of $621,000 in exchange for services with unrelated parties.

viii. On June 23, 2015, the Company cancelled 256,000 common shares previously issued to a former consultant pursuant to an agreement to terminate a consulting agreement.

ix. On July 9, 2015, the Company and the CEO entered into a return to treasury agreement whereby 40 common shares of the Company issued to Mr. Gray on June 14, 2014 as founders shares were returned to

8. SHARE CAPITAL – (Continued)

the treasury of Laguna for the sole purpose of Laguna retiring the surrendered shares without any consideration.

x. On July 28, 2015, the Company and the CEO entered into a debt settlement and subscription agreement whereby $65,000 previously loaned by the CEO to the Company under two promissory notes and the interest thereon were settled by the issuance of 560,000 common shares of the Company to the CEO. Also on this date, the CEO returned 560,000 common shares of the Company which were issued to the CEO pursuant to his consulting agreement with the Company to the treasury for cancellation.

xi. On October 1, 2015, completed a non-brokered private placement by issuing 223,040 common shares at a deemed price of $0.70 per common share for total proceeds of $156,128.

xii. On October 28, 2015, issued 42,478 common shares at a deemed price of $0.45 per common share in connection with debt settlement agreements for a total of $19,115 as settlement for consulting services with an unrelated party.

xiii. On October 30, 2015, completed a non-brokered private placement by issuing 173,628 common shares at a deemed price of $0.70 per common share for total proceeds of $121,540.

xiv. On November 9, 2015, completed a non-brokered private placement by issuing 14,286 common shares at a deemed price of $0.70 per common share for total proceeds of $10,000.

xv. On January 7, 2016, issued 28,571 common shares at a deemed price of $0.70 per common share in connection with a debt settlement agreement for a total of $20,000 as settlement for consulting services with an unrelated party.

xvi. On March 1, 2016, issued 293,750 common shares at a deemed price of $0.20 per common share in connection with debt settlement agreements for a total of $58,750 as settlement for consulting services with unrelated parties.

xvii. On March 1, 2016, issued 602,500 common shares at a deemed price of $0.20 per common share for total proceeds of $120,500 to settle outstanding loans payable to a related party.

xviii. On March 10, 2016, completed a non-brokered private placement by issuing 1,175,000 common shares at a deemed price of $0.20 per common share for total proceeds of $235,000.

c) Escrow shares

On September 18, 2015, the Company entered into a stock restriction agreement whereby 3,000,000 common shares were placed into escrow. These shares will be released from escrow beginning on September 21, 2016 as to 300,000 shares and an additional 450,000 shares every 6 months thereafter until September 21, 2019. As at June 30, 2016, 3,000,000 common shares were held in escrow.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL – (Continued)

d) Warrants

The continuity of warrants for the period ended June 30, 2016 is summarized below:

	Number	Weighted Average Exercise Price
Balance, March 31, 2015 & June 30, 2015	1,600,000	$0.68
Issued	2,585,927	$0.79
Expired	(710,565)	$1.25
Balance, March 31, 2016	3,475,362	$0.65
Expired	(289,408)	$1.21
Issued	1,763,407	$0.15
Balance, June 30, 2016	4,949,361	$0.44

At June 30, 2016, the Company had 4,949,361 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
223,040	$1.25	October 1, 2017 (1)
173,628	$1.25	October 30, 2017 (1)
14,286	$1.25	November 9, 2017 (1)
1,175,000	$0.25	March 10, 2018
1,600,000	$0.68	December 31, 2019
1,763,407	$0.15	May 17, 2017
4,949,361		

(1) These warrants contain an acceleration clause whereby, if the volume weighted average closing price of the Company's shares is at least $0.60 for a period of twenty (20) or more consecutive trading days, the Company will have the right, by providing notice to the warrant holders, to accelerate the expiry date of the warrants to that date which is ten (10) business days from the date of such acceleration notice.

As at June 30, 2016, the weighted average remaining contractual life of all warrants outstanding was 2.58 years.

The fair value of the warrants issued was determined on the date of issuance based upon the average of the pro-rata method and the Black-Scholes Option Pricing Model using the following assumptions:

	2016	2015
Risk-free interest rate	0.55%	1.39%
Annualized volatility	100%	51%
Expected dividend yield	Nil	Nil
Expected warrants life in years	2.89 years	10 years

(Expressed in Canadian Dollars)

8. SHARE CAPITAL – (Continued)

d) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount, subject to a minimum exercise price of $0.10. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors. Pursuant to the regulations of the CSE, stock options may be granted outside of the stock option plan.

The continuity of options for the period ended June 30, 2016 is summarized below:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2015 & June 30, 2015	720,000	$0.40
Granted	3,270,000	$0.25
Forfeited/Cancelled	(1,460,000)	$0.45
Outstanding and exercisable, March 31, 2016	2,530,000	$0.18
Exercised	(200,000)	$0.16
Expired	(250,000)	$0.23
Granted	100,000	$0.10
Outstanding and exercisable, June 30, 2016	2,180,000	$0.17

At June 30, 2016, 2,430,000 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
1,300,000	$0.16	March 2, 2017
40,000	$0.28	March 2, 2017
40,000	$0.70	September 29, 2017
700,000	$0.16	March 2, 2019
100,000	$0.10	June 13, 2017
2,180,000		

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The weighted average remaining life for the options outstanding and exercisable at June 30, 2016 is 1.71 years.

During the period ended June 30, 2016, stock based compensation in the amount of $5,659 (2015 - $Nil) was recognized on the issuance of stock options to directors, officers and consultants.

The following weighted average assumptions were used for the valuation of stock options:

	June 30, 2016	June 30, 2015
Risk-free interest rate	0.69%	0.55%
Expected life of options	1.30 years	3 years
Annualized volatility	100%	100%
Forfeiture rate	0.00%	0.00%

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Key management of the Company are the directors and officers of the Company. Management compensation transactions for the periods ended June 30, 2016 and 2015 are summarized as follows:

	Management fees (paid/accrued)	Share-based payments	Total
Period ended June 30, 2016			
Directors and officers	$ 61,853	$ 57,286	$ 119,139
Period ended June 30, 2015			
Directors and officers	$ 20,200	$ nil	$ 20,200

As of June 30, 2016, $3,403 (June 30, 2015 - $nil) is owed to directors and officers of the Company and a company owned by a director of the Company for unpaid fees and expenses, and $830,000 is owed in loans payable to the spouse of the Chief Executive Officer ("CEO") of the Company.

During the period ended June 30, 2016, the Company paid and accrued interest expense of $19,725 (2015: $0), in connection with loans payable to the CEO and the spouse of the CEO of the Company. Included in accounts payable and accrued liabilities is $6,575 (2015: $0) in accrued interest owing to the spouse of the CEO.

During the year ended March 31, 2015, the Company paid and accrued interest expense of $31,950 (2015: $0) and lending fees of $22,500 (2015: $0), which included in interest expense, in connection with loans payable to the CEO and the spouse of the CEO of the Company. Included in accounts payable and accrued liabilities is $24,884 (2015: $0) in accrued interest owing to the spouse of the CEO.

On July 9, 2015, the Company and its CEO entered into a return to treasury agreement whereby 40 common shares of the Company issued to the CEO on June 14, 2014 as founder's shares were returned to the treasury of the Company for the sole purpose of the Company retiring the surrendered shares without any consideration.

On July 28, 2015, the Company and its CEO entered into a debt settlement and subscription agreement whereby $65,000 previously loaned by the CEO to the Company under two promissory notes and the interest thereon were settled by the issuance of 560,000 common shares of the Company to the CEO. Also on this date, the CEO returned 560,000 common shares of the Company which were issued to the CEO pursuant to his consulting agreement with the Company to treasury for cancellation.

During the period ended March 31, 2015, the Company issued 415,700 common shares at a deemed price of $0.05 per share to settle a convertible debt in the amount of $20,785 with a former officer of the Company.

During the period ended March 31, 2015, the Company issued 640,000 common shares at a deemed price of $0.05 per share to settle a convertible debt in the amount of $32,000 with an individual related to an officer and director of the Company.

During the period ended March 31, 2015, the Company paid $150,500 for consulting fees to the Chief Executive Officer and Director. Of this amount, $108,000 represented the issuance of 2,160,000 common shares at a deemed price of $0.05 per share and issuance of 1,600,000 warrants to purchase common shares at a fair value of $10,000. In addition, the Company paid $797 in benefits on behalf of the CEO and Director.

During the period ended March 31, 2015, the Company paid $39,715 for consulting fees to the former Corporate Secretary. Of this amount $19,215 represented the issuance of 384,300 common shares at a deemed price of $0.05 per share. In addition, the Company paid $797 in benefits on behalf of the Corporate Secretary.

During the period ended March 31, 2015, the Company paid $35,247 for consulting fees to a director of the Company. Of this amount $10,500 represented the issuance of 200,000 common shares at a deemed price of $0.05 per share.

During the year ended March 31, 2016, the CEO assigned $120,500 in accrued and unpaid management fees. receivable from the Company to his spouse. On March 1, 2016, the Company issued 602,500 common shares at a deemed price of $0.20 per common share to the spouse of the CEO to settle the outstanding management fees owing of $120,500.

(Expressed in Canadian Dollars)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	2016	2015
Net loss available to common shareholders (numerator)	$ (359,871)	$ (924,934)
Weighted average number of common shares outstanding (denominator)	21,360,514	28,099,221

The basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, only if dilutive.

As of June 30, 2016, loss per share excludes 7,129,361 (2015: 5,850,000) potentially dilutive common shares related to outstanding share purchase options and warrants, as the effect was anti-dilutive.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The classification of the financial instruments as well as their carrying values is shown in the table below:

		2016	2015
Financial Assets			
Cash	Fair Value through Profit and Loss	$ 74,702	$ 928
Receivables	Loans and receivables	54,889	17,980
Total Financial Assets		$ 129,591	$ 18,908
Financial Liabilities			
Accounts payable and accrued liabilities	Loans and receivables	$ 256,720	$ 125,520
Due to related parties	Loans and receivables	8,784	-
Loans payable	Financial liabilities at amortized cost	890,000	535,000
Total Financial Liabilities		$ 1,155,504	$ 660,520

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

At June 30, 2016, cash is measured using Level 1 inputs. During the year ended June 30, 2016, there were no transfers between Level 1 and Level 2 fair value measurements and there were no transfers in and out of Level 3 fair value measurements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT– (Continued)

The fair values of the Company's financial assets and liabilities approximate their carrying amounts. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The carrying value of loans payable approximate their carrying value based on currently available borrowing rates for debt on similar terms, credit risk and maturities.

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.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had a cash balance of $74,702 to settle current liabilities of $1,155,504. The Company is currently investigating financing opportunities so that it has sufficient liquidity to meet liabilities when due.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, is currently generating net losses from operations, and has no assurance that additional funding will be available to it for future development of its business. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash.

The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of GST receivable from the Government of Canada and receivables due from merchant accounts. The Company believes credit risk with respect to receivables to be insignificant.

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 equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk
The Company's financial assets exposed to interest rate risk consist of cash. The Company's policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company is satisfied with the credit ratings of its banks. As at June 30, 2016, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk
The Company's foreign exchange risk arises from transactions denominated in other currencies.

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance its business development and meet its obligations as they come due. The Company is in the early stages of operations and is currently developing a capital structure which will support expanded activity. The Company monitors economic conditions and the risks related to the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

13. SEGMENTED REPORTING

The Company operates in one business segment, the sale of nutritional health products derived from hemp. Revenues from external customers are derived from customers located within North America as follows:

	2016	2015
Canada	$ 21,597	$ -
United States	25,588	-
	$ 47,185	$ -

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2016:

i) The Company completed a private placement by issuing 2,712,882 common shares at a price of $0.11 per common share for total proceeds of $298,417. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.15 per share until July 15, 2017.

ii) The Company completed a private placement by issuing 1,627,200 common shares at a price of $0.25 per common share for total proceeds of $406,800. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.40 per share until August 25, 2017.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

During the period ended June 30 2016:

The Company issued 547,402 common shares valued at $59,786 as payment for consulting fees.

There were no non-cash transactions during the period ended June 30, 2015.