MARAPHARM VENTURES INC.

Years Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
MARAPHARM VENTURES INC.

We have audited the accompanying consolidated financial statements of Marapharm Ventures Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of changes in shareholders' equity, comprehensive loss, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 controls. 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Marapharm Ventures Inc. and its subsidiaries as at March 31, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the ability of Marapharm Ventures Inc. and its subsidiaries to continue as a going concern.

Other Matter

The comparative financial statements of Marapharm Ventures Inc. as at March 31, 2016 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements in their report dated July 29, 2016.

WDM

Chartered Professional Accountants

Vancouver, B.C., Canada
July 31, 2017

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MARAPHARM VENTURES INC.

Consolidated Statements of Financial Position

As at March 31, 2017 and 2016

	Note	2017 $	2016 $
ASSETS			
CURRENT			
Cash		4,316,697	329,547
Trade and Other Receivables	5	717,947	13,530
Current Portion of Loan Receivable	7	49,996	-
Prepaid Expenses and Deposits	6	1,572,972	45,271
		6,657,612	388,348
Loan Receivable	7	249,231	-
Due from Related Party	15(a)	340,507	145,863
Property and Equipment	8	2,531,581	633,045
Intangible Assets	9	1,618,853	1
Investment in Associate	13	1,238,132	-
Total Assets		12,635,916	1,167,257
LIABILITIES			
CURRENT			
Trade and Other Payables	10	656,031	402,898
Due to Related Party	15(a)	25,576	64,078
Current Portion of Loan Payable	11	-	16,025
		681,607	483,001
Loan Payable	11	-	377,363
Convertible Bonds Payable	12	1,287,676	-
Total Liabilities		1,969,283	860,364
SHAREHOLDERS' EQUITY			
Share Capital	14(b)	26,475,210	6,674,269
Share Subscriptions	14(b)(ii)	-	443,000
Stock Options Reserve		1,215,195	1,100,628
Share Purchase Warrants Reserve		91,453	20,887
Foreign Currency Translation Reserve		124,082	17,732
Equity Component of Convertible Bonds	12	213,111	-
Deficit		(17,452,418)	(7,949,623)
Total Shareholders' Equity		10,666,633	306,893
Total Liabilities and Shareholders' Equity		12,635,916	1,167,257

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Commitments (Note 16)
Segmented Information (Note 18)
Subsequent Events (Note 22)

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

Approved on behalf of the Board:

"Linda Sampson"	"Corey Klassen"
Linda Sampson, Director	Corey Klassen, Director

MARAPHARM VENTURES INC.

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended March 31, 2017 and 2016

	Note	Number of Common Shares	Share Capital	Share Subscriptions	Stock Options Reserve	Share Purchase Warrants Reserve	Foreign Currency Translation Reserve	Equity Component Convertible Bonds	Deficit	Total Shareholders' Equity
			$	$	$	$	$	$	$	$
Balance, March 31, 2015		35,348,698	5,747,656	-	-	-	-	-	(4,654,279)	1,093,377
Shares Issued for Cash	14(b)(i)	2,451,250	926,613	-	-	20,887	-	-	-	947,500
Share Issuance Costs	14(b)(i)	-	(87,911)	-	-	-	-	-	-	(87,911)
Shares Issued for Finder's Fees	14(b)(i)	232,625	87,911	-	-	-	-	-	-	87,911
Share Subscriptions	14(b)(ii)	-	-	443,000	-	-	-	-	-	443,000
Fair Value of Stock Options Vested	14(f)	-	-	-	1,100,628	-	-	-	-	1,100,628
Net Comprehensive Loss		-	-	-	-	-	17,732	-	(3,295,344)	(3,277,612)
Balance, March 31, 2016		38,032,573	6,674,269	443,000	1,100,628	20,887	17,732	-	(7,949,623)	306,893
Shares Issued for Cash	14(b)(ii)	16,323,750	3,264,750	(443,000)	-	-	-	-	-	2,821,750
Share Issuance Costs		-	(468,581)	-	-	165,842	-	-	-	(302,739)
Shares Issued for Finders' Fees	14(b)(ii)	489,000	97,800	-	-	-	-	-	-	97,800
Shares Issued for Intangible Assets	14(b)(iii)	1,172,814	594,855	-	-	-	-	-	-	594,855
Shares Issued for Services	14(b)(iv)	4,098,547	4,518,478	-	-	-	-	-	-	4,518,478
Shares Issued for Debt	14(b)(v)	188,702	137,752	-	-	-	-	-	-	137,752
Shares Issued on Exercise of Warrants	14(b)(vi)	15,712,750	9,823,949	-	-	(20,887)	-	-	-	9,803,062
Shares Issued on Exercise of Finders' Warrants	14(b)(vi)	712,000	368,127	-	-	(74,389)	-	-	-	293,738
Shares Issued on Exercise of Stock Options	14(b)(vii)	1,760,000	1,463,811	-	(443,061)	-	-	-	-	1,020,750
Fair Value of Stock Options Vested	14(f)	-	-	-	1,042,560	-	-	-	-	1,042,560
Fair Value of Stock Options Cancelled		-	-	-	(484,932)	-	-	-	484,932	-
Equity Component of Convertible Bonds Issued	12	-	-	-	-	-	-	213,111	-	213,111
Net Comprehensive Loss		-	-	-	-	-	106,350	-	(9,987,727)	(9,881,377)
Balance, March 31, 2017		78,490,136	26,475,210	-	1,215,195	91,453	124,082	213,111	(17,452,418)	10,666,633

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

MARAPHARM VENTURES INC.

Consolidated Statements of Comprehensive Loss

For the Years Ended March 31, 2017 and 2016

	Note	2017 $	2016 $
REVENUES			
Rental		264,760	-
Consulting		119,142	-
		383,902	-
EXPENSES			
Bank Charges and Interest		5,624	-
Consulting Fees	15(b),(c)	1,272,008	595,844
Directors' Fees	15(b)	3,250	12,000
Insurance		27,987	-
Management Fees	15(b)	285,000	165,000
Materials and Repairs		49,546	33,091
Office		49,236	11,357
Professional Fees		586,435	102,696
Rent and Utilities		439,959	127,485
Shareholder and Investor Relations	15(c)	6,096,836	244,247
Transfer Agent and Filing Fees		61,167	95,344
Travel		20,798	15,997
		8,897,846	1,403,061
LOSS BEFORE OTHER ITEMS		(8,513,944)	(1,403,061)
Stock Based Compensation	14(f)	(1,042,560)	(1,100,628)
Amortization of Intangible Assets		(88,786)	-
Depreciation of Property and Equipment		(128,057)	(2,765)
Interest on Loans Payable	11, 14(b)(v)	(55,833)	(13,546)
Interest on Convertible Bonds Payable	12	(46,679)	-
Impairment of Property and Equipment	8	-	(725,345)
Impairment of Intangible Asset	9	-	(49,999)
Share of Loss in Equity Investment	13	(111,868)	-
NET LOSS FOR THE YEAR		(9,987,727)	(3,295,344)
Other Comprehensive Income for the Year – Foreign Currency Translation Gain		106,350	17,732
NET COMPREHENSIVE LOSS FOR THE YEAR		(9,881,377)	(3,277,612)
Basic and Diluted Loss per Share		(0.18)	(0.09)
Weighted Average Number of Common Shares Outstanding		55,467,470	36,603,166

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

MARAPHARM VENTURES INC.

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2017 and 2016

		2017 $	2016 $
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net Loss for the Year		(9,987,727)	(3,295,344)
Non-Cash Items			
Amortization of Intangible Assets		88,786	-
Depreciation of Property and Equipment		128,057	2,765
Stock Based Compensation		1,042,560	1,100,628
Impairment of Land		-	725,345
Impairment of Intangible Assets		-	49,999
Share of Loss in Equity Investment		111,868	-
Shares Issued for Services		4,302,960	-
Shares Issued for Debt – Interest Portion		34,944	-
		(4,278,552)	(1,416,607)
Change in Non-Cash Working Capital Accounts	19(a)	(1,493,968)	803,513
		(5,772,520)	(613,094)
FINANCING ACTIVITIES			
Shares Issued for Cash, Net of Issuance Costs		3,059,811	947,500
Share Subscriptions Advance		(443,000)	443,000
Proceeds from Exercise of Warrants, Net of Subscription Receivable		9,495,062	-
Proceeds from Exercise of Finders' Warrants		293,738	-
Proceeds from Exercise of Stock Options		1,020,750	-
Issuance of Convertible Bonds Payable, Net of Issuance Costs		1,500,787	-
Loan Advanced to Arm's Length Party		(299,227)	-
Net (Advance to) Repayment from Related Party		(194,644)	164,137
Repayment of Loan Payable		(393,388)	(9,813)
		14,039,889	1,544,824
INVESTING ACTIVITIES			
Acquisition of Property and Equipment		(1,943,616)	(879,689)
Acquisition of Intangible Assets		(1,091,324)	(40,000)
Investment in Associate		(1,350,000)	-
		(4,384,940)	(919,689)
INCREASE IN CASH		3,882,429	12,041
Effect of Foreign Exchange Rate Changes on Cash		104,721	(31,250)
CASH, BEGINNING OF THE YEAR		329,547	348,756
CASH, END OF THE YEAR		4,316,697	329,547

Supplemental Cash Flow Information (Note 19)

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

NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Marapharm Ventures Inc. (the "Company") is governed by the Business Corporations Act (British Columbia). The head office is located at Suite 102 – 1561 Sutherland Avenue, Kelowna, BC, Canada V1Y 5Y7. The Company's common shares are traded on the Canadian Stock Exchange ("CSE") under the symbol "MDM".

The Company was established to enter into the emerging market of regulated medical marijuana and has applied to Health Canada to become a licensed producer under the Access to Cannabis for Medical Purposes Regulations, which is still pending. The Company also has operations in the United States, in the State of Washington, Nevada, and California. The Company has marjiuana cultivation and production licenses in Nevada.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to maintain its marijuana cultivation and production licenses in good standing, generate profitable operations, obtain the necessary debt or equity financing, and identify future investment opportunities. From inception to March 31, 2017, the Company has incurred losses from operations and has net accumulated losses of $17,452,418. As at March 31, 2017, the Company has working capital of $5,976,005 which is not sufficient to meet its operating and administrative costs and acquisition and other commitments. Although the Company has raised funds in the past and subsequent to March 31, 2017 (Note 22), there can be no assurance the Company will be able to secure sufficient debt or equity financing for its working capital and investment activities, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable level of operations.

These factors indicate the existence of a material uncertainty that may cast substantial doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability or classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2017.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively, the "Company"). Intercompany balances and transactions are eliminated in preparing these consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Holding	Functional Currency
Marapharm Ventures Inc.	Canada	Parent	Canadian Dollar
Marapharm Inc.	Canada	100%	Canadian Dollar
Marapharm Las Vegas LLC	United States	100%	U.S. Dollar
Marapharm Washington LLC	United States	100%	U.S. Dollar
EcoNevada LLC	United States	100%	U.S. Dollar

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis. Cost is the fair value of the consideration given in exchange for net assets.

d) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree, and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognized in profit or loss as a bargain purchase gain.

e) Investment in Associate

As at March 31, 2017, the Company has an 11.52% interest in Veritas Pharma Inc., a publicly traded company listed on the CSE, Nasdaq OTCQB and Frankfurt Stock exchanges. The investment is designated as an associate.

An associate is an entity over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for an associate using the equity method of accounting. Interest in an associate accounted for using the equity method is initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company’s interest in an associate is adjusted for the Company’s share of comprehensive income or loss and distributions of the investee. The carrying value of the associate is assessed for impairment at each reporting date.

f) Foreign Currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency (Note 2(b)) and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Foreign Currency (Continued)

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and is recorded to the extent that collection is reasonably assured.

h) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis over the following terms:

Furniture and Equipment	3 to 5 years
Leasehold Improvements	5 years

Depreciation on buildings under construction will commence when they are available for use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

i) Intangible Assets

Finite life intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over five years, the term of an underlying lease agreement, for a right to sublease the Company's leased property in the State of Washington to a marijuana cultivation and processing licensed company. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are comprised of marijuana cultivation and production licenses issued by the State of Nevada, which are carried at cost less accumulated impairment losses.

Intangible assets acquired are measured on initial recognition at cost, while the cost of intangible assets acquired in a business combination is initially recorded at their fair values as at the date of acquisition.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of Property and Equipment and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

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

k) Convertible Bonds Payable

Convertible bonds payable are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity.

Convertible bonds payable is accreted to its face value at maturity over the term of the debt through a charge to operations. The value of the equity component is not remeasured subsequent to its initial measurement date, and remains in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital.

On the early redemption of convertible bonds, the Company allocates the consideration paid on extinguishment to the liability based on its fair value at the date of the transaction and the residual is allocated to the conversion option. Any resulting gain or loss relating to the liability component is charged to profit or loss, and the difference between the carrying amount and the amount considered to be settled relating to the equity component is treated as a capital transaction and charged to share capital.

l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. As at March 31, 2017 and 2016, the Company has no material provisions.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Share Capital and Share Subscriptions

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Share issue costs are netted against share capital.

Share subscriptions represent proceeds received for shares that have not yet been issued as at the reporting date.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance.

n) Loss Per Share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

o) Reserves

Stock options reserve and share purchase warrants reserve are used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and finder's warrants is determined on the date of grant using the Black-Scholes Model (Note 2(p)).

p) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and finders' warrants is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and finders' warrants, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Upon the expiry or cancellation of stock options and finders' warrants, their fair value previously recorded in reserve is transferred to deficit

q) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income Taxes (Continued)

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

r) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described on the following pages. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described on the next page.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Financial Instruments (Continued)

i) Financial Assets (Continued)

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial assets.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, loan receivable, and amount due from related party fall into this category of financial instruments.

  Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is based on recent historical counterparty default rates for each identified group. The impairment losses are recognized in profit or loss.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in other categories of financial assets. The Company does not hold financial assets in this category.

  Available-for-sale financial assets are measured initially at fair value. The Company's investments in equity instruments are subsequently measured at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

For financial assets measured at amortized cost, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale financial assets, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated in the investment revaluation reserve.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Financial Instruments (Continued)

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's trade and other payables, amounts due to related parties, loan payable, and convertible bonds payable fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

s) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the consolidated net loss for the year ended March 31, 2016.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows.

a) Impairment of Property and Equipment and Intangible Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors. These assumptions relate to future events and circumstances. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

b) Useful Lives of Property and Equipment and Intangible Assets

Management reviews the useful lives of property and equipment and intangible assets at each reporting date, based on the expected utility of these assets to the Company. The useful lives of these assets may be shortened due to factors such as regulatory changes in the marijuana industry that are beyond the Company's control.

c) Business Combination

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the income statement in the subsequent period.

d) Stock Based Compensation

The fair value of stock based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

e) Deferred Tax Assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they become effective.

a) IFRS 9 – Financial Instruments

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement" and applies to the classification and measurement of financial assets. The mandatory effective date is January 1, 2018 with early adoption permitted. The Company currently does not intend to early adopt IFRS 9. The Company has not yet determined the impact of this standard on its consolidated financial statements.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

b) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company has not yet determined the impact of this standard on its consolidated financial statements.

c) IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 "Leases", and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company has not yet determined the impact of this standard on its consolidated financial statements.

NOTE 5 – TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Trade Receivable	385,671	-
GST Recoverable	24,276	13,530
Share Subscription Receivable (Note 14(b)(vi))	308,000	-
	717,947	13,530

NOTE 6 – PREPAID EXPENSES AND DEPOSITS

Retainer on Delivery Service Agreement (Note 15(c)(iii))	398,970	-
Deposit and Instalment on Acquisition of Washington Property (Note 16(a))	797,940	-
Deposit on Option to Acquire Marijuana Cultivation License (Note 22(b))	6,650	-
Deposit on Acquisition of California Properties (Note 22(c),(d))	179,995	-
Security Deposits	32,184	-
Other Prepaid Expenses	157,233	45,271
	1,572,972	45,271

NOTE 7 – LOAN RECEIVABLE

On August 29, 2016, the Company advanced US$225,000 to the subtenant of its leased property in Washington. The unsecured loan is subject to an interest rate of 5% commencing April 15, 2017 and repayable over a five-year period in blended monthly payments of US$4,241. The Company has agreed to waive the monthly repayment requirement until completion of the renovations at the leased property, anticipated to be in the fourth quarter of fiscal 2018, when retroactive loan repayments will be made.

As at March 31, 2017, the outstanding balance of the loan was $299,227 (US$225,000).

NOTE 8 – PROPERTY AND EQUIPMENT

	Land $	Furniture and Equipment $	Leasehold Improvements $	Buildings Under Construction $	Total $
COST					
Balance, March 31, 2015	-	3,172	26,689	-	29,861
Additions	1,319,708	2,625	9,539	-	1,331,872
Balance, March 31, 2016	1,319,708	5,797	36,228	-	1,361,733
Additions	150,891	402,037	463,080	927,608	1,943,616
Foreign Currency Translation Adjustment	77,739	5,177	6,005	12,030	100,951
Balance, March 31, 2017	1,548,338	413,011	505,313	939,638	3,406,300
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance, March 31, 2015	-	287	291	-	578
Depreciation Charge	-	840	1,925	-	2,765
Impairment	725,345	-	-	-	725,345
Balance March 31, 2016	725,345	1,127	2,216	-	728,688
Depreciation Charge	-	60,775	67,282	-	128,057
Foreign Currency Translation Adjustment	17,427	762	(215)	-	17,974
Balance March 31, 2017	742,772	62,664	69,283	-	874,719
NET BOOK VALUE					
Balance, March 31, 2016	594,363	4,670	34,012	-	633,045
Balance, March 31, 2017	805,566	350,347	436,030	939,638	2,531,581

During the year ended March 31, 2016, the Company wrote down the carrying value of a Nevada property to its market value and recorded an impairment loss of $725,345.

NOTE 9 – INTANGIBLE ASSETS

	Hemp Products Formula $	Marijuana Licenses $	Sublease Right $	Total $
COST				
Balance, March 31, 2015	-	-	-	-
Additions	50,000	-	-	50,000
Balance, March 31, 2016	50,000	-	-	50,000
Additions	-	1,099,160	587,019	1,686,179
Foreign Currency Translation Adjustment	-	14,254	7,613	21,867
Balance, March 31, 2017	50,000	1,113,414	594,632	1,758,046
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
Balance, March 31, 2015	-	-	-	-
Impairment	49,999	-	-	49,999
Balance, March 31, 2016	49,999	-	-	49,999
Amortization Charge	-	-	88,786	88,786
Foreign Currency Translation Adjustment	-	-	408	408
Balance, March 31, 2017	49,999	-	89,194	139,193
NET BOOK VALUE				
Balance, March 31, 2016	1	-	-	1
Balance, March 31, 2017	1	1,113,414	505,438	1,618,853

a) Hemp Products Formula

On November 24, 2014, the Company entered into an agreement to acquire a hemp-blended formula to produce shampoo, conditioner, fragrances, and other hemp products. The purchase price was $50,000. On March 31, 2016, the Company recorded an impairment loss of $49,999 due to the uncertainty of future cash flows relating to the sale of these products.

b) Marijuana Licenses

During the year ended March 31, 2017, the Company completed the acquisition of Econevada LLC ("Econevada"), a company that owned two provisional medical cultivation and production licenses from the State of Nevada. Both licenses received final approval from the State of Nevada (Note 22(a)) and were transferred to Marapharm Las Vegas LLC subsequent to year-end.

The Company purchased a 75.5% interest in Econevada from a related party and paid US$375,000 in cash and issued 1,072,813 common shares with a fair value of US$336,125 (Note 15(c)(vi)). The Company acquired the remaining 24.5% interest in Econevada from arm's length parties and issued 100,001 common shares with a fair value of US$115,491. Total consideration for this acquisition was US$826,616.

NOTE 9 – INTANGIBLE ASSETS (Continued)

c) Sublease Right

In May 2016, the Company acquired certain assets from a marijuana cultivation and processing licensed company ("Subtenant") in the State of Washington. Cash consideration of US$975,000 was paid and allocated to equipment for US$295,564, leasehold improvements for US$232,311, and a sublease right for US$447,125.

The sublease right allows the Company to sublease its leased industrial property in Washington to the Subtenant for a term of 20 years with an option to renew for another five years. The Company agreed to complete extensive improvements to the property in order to provide the Subtenant with a fully equipped operational facility. Monthly sublease rent is set at $21,000 and will retroactively increase to $200,000 upon completion of the current renovations at the property pursuant to a sublease agreement dated August 10, 2016 and amended on August 18, 2016.

The underlying lease agreement between the Company and the land owner has a term of five years effective July 1, 2016, with an option to renew for another five years (Note 16(b)). In February 2017, the Company entered into property purchase agreement with the land owner to acquire the property for US$4,200,000 (Note 16(a)).

NOTE 10 – TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade Payables and Accrued Liabilities	575,677	402,898
Holdback Payable	24,675	-
Directors' Fees Payable (Note 15(a))	9,000	-
Bond Bonus Payable (Note 12)	46,679	-
	656,031	402,898

NOTE 11 – LOAN PAYABLE

Loan Payable	-	393,388
Less: Current Portion	-	(16,025)
Long Term Portion	-	377,363

In connection with an acquisition of land in Las Vegas, Nevada in May 2015, the Company issued a promissory note to an arm's length party for US$329,203. The note, secured by the land, was subject to an interest rate of 7% per annum and was repayable at US$2,385 per month with a maturity date of April 1, 2018.

On December 29, 2016, the Company repaid the note in full. The Company recorded interest expense of $20,940 (US$15,988) for the year ended March 31, 2017 and $13,546 (US$9,870) for the year ended March 31, 2016.

NOTE 12 – CONVERTIBLE BONDS PAYABLE

	Liability Component $	Equity Component $	Net Carrying Value $
Balance, March 31, 2015 and 2016	-	-	-
Issuance of Convertible Bonds (Net of $55,156 Transaction Costs)	1,287,676	213,111	1,500,787
Balance, March 31, 2017	1,287,676	213,111	1,500,787

On March 31, 2017, the Company closed a non-brokered private placement of 117 convertible bonds at an issue price of US$10,000 per bond for total gross proceeds of $1,555,943 (US$1,170,000). The bonds, in part or in full, are convertible into common shares of the Company at the conversion price of $1 per share in the first year, $2 per share in the second year, and $3 per share in the third year. The bonds mature on November 30, 2019 and bear compound interest at 8.5% per annum with interest payable monthly. The bonds are open for prepayment without penalty and are secured by the assets of Marapharm Las Vegas LLC which included land, buildings under construction, and marijuana licenses in the State of Nevada.

The Company agreed to issue a 3% bonus interest (US$300) for each bond issued, payable in common shares at a deemed price of $0.75 per share. As at March 31, 2017, the Company recorded a bond bonus payable of $46,679 (US$35,100) to reflect the share issuance obligation. These shares were subsequently issued on May 1, 2017.

The convertible debentures are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity.

NOTE 13 – INVESTMENT IN ASSOCIATE

On January 4, 2017 the Company subscribed for 5,000,000 units in a private placement offering of Veritas Pharma Inc. ("Veritas") at a price of $0.22 per unit for total proceeds of $1,100,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable for one additional common share at $0.30 per share until July 9, 2018. Veritas is working to develop the most effective proprietary cannabis strains for specific disease conditions and to provide doctors and patients with conclusive science evidence to recommend and use medical marijuana.

Concurrent to the unit subscription, the Company subscribed for 5,000,000 warrants of Veritas at a price of $0.05 per warrant for total proceeds of $250,000. Each warrant is exercisable for one additional common share at $0.40 per share until February 7, 2018.

Following this investment, the Company appointed two common directors to Veritas and as at March 31, 2017, had a 11.52% ownership interest in Veritas.

The Company accounts for its investment in Veritas using the equity method. The Company has recognized its proportionate share of Verita's net loss for the period from January 4, 2017 to March 31, 2017 in the amount of $111,868 on the consolidated statement of comprehensive loss. As at March 31, 2017, the carrying amount of the Company's investment in Veritas was $1,238,132.

NOTE 14 – SHARE CAPITAL

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at March 31, 2017, the Company had 78,490,136 common shares issued and outstanding as presented in the consolidated statements of changes in shareholders' equity.

i) Shares Issued for Cash in 2016

On September 25, 2015, the Company issued 1,100,000 units at $0.37 per unit for total gross proceeds of $407,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.37 until March 25, 2016 (subsequently extended until March 25, 2017). The Company issued 110,000 common shares with a fair value of $40,700 for finders' fees.

On October 13, 2015, the Company issued 737,500 units at $0.40 per unit for total gross proceeds of $295,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.45 until October 13, 2016. The Company allocated $14,750 of the proceeds to warrants reserve under the residual method. The Company issued 61,250 common shares and 61,250 warrants with a total fair value of $23,275 for finders' fees.

On November 10, 2015, the Company issued 613,750 units at $0.40 per unit for total proceeds of $245,500. Each unit consisted of one common share and one share purchase warrant exercisable at $0.45 until November 10, 2016. The Company allocated $6,137 of the proceeds to warrants reserve under the residual method. The Company issued 61,375 common shares and 47,500 warrants with a total fair value of $23,936 for finders' fees.

ii) Shares Issued for Cash in 2017

On April 14, 2016, the Company issued 2,640,000 units at $0.20 per unit for total gross proceeds of $528,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.40 until April 14, 2017. The Company issued 89,000 common shares with a fair value of $17,800 and 379,000 finders' warrants with a fair value of $23,783 for finders' fees. As at March 31, 2016, the Company received $443,000 in share subscriptions prior to the closing of the private placement.

On June 16, 2016, the Company issued 2,817,500 units at $0.20 per unit for total gross proceeds of $563,500. Each unit consisted of one common share and one share purchase warrant exercisable at $0.40 until June 16, 2017. The Company issued 47,500 common shares with a fair value of $9,500 and 226,000 finder's warrants with a fair value of $11,924 for finders' fees.

On September 6, 2016, the Company issued 10,866,250 units at $0.20 per unit for total proceeds of $2,173,250. Each unit consisted of one common share and one share purchase warrant exercisable at $0.40 until September 6, 2017. The Company issued 352,500 common shares with a fair value of $70,500 and 1,022,500 finder's warrants with a fair value of $130,135 for finders' fees.

iii) Shares Issued for Intangible Assets

During the year ended March 31, 2017, the Company issued a total of 1,172,814 common shares with a fair value of $594,855 (US$451,616) for the acquisition of Econevada (Note 9(b)).

NOTE 14 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Common Shares (Continued)

iv) Shares Issued for Services

During the year ended March 31, 2017, the Company issued 435,000 common shares with a fair value of $287,150 to arm's length parties for marketing and investor relations services, of which $215,519 was related to services provided and expensed in the year ended March 31, 2016.

During the year ended March 31, 2017, the Company issued 3,536,298 common shares with a fair value of $4,123,312 to a related party for marketing and investor relations services (Note 15(c)(ii)).

During the year ended March 31, 2017, the Company issued 127,249 common shares with a fair value of $108,016 to arm's length parties for consulting services.

v) Shares Issued for Debt

During the year ended March 31, 2017, the Company issued 188,702 common shares with a fair value of $137,752 to settle an outstanding loan. Included in the amount was $102,808 in principal and $34,944 in interest.

vi) Shares Issued on Exercise of Warrants

During the year ended March 31, 2017, Company issued a total of 15,712,750 common shares upon the exercise of warrants for total gross proceeds of $9,803,062, and 712,000 common shares upon the exercise of finders' warrants for total gross proceeds of $293,738. As at March 31, 2017, a receivable of $308,000 was recorded for outstanding subscription proceeds for the exercise of warrants, which was subsequently received in April 2017.

vii) Shares Issued on Exercise of Stock Options

During the year ended March 31, 2017, Company issued a total of 1,760,000 common shares upon the exercise of options for total gross proceeds of $1,020,750.

c) Share Purchase Warrants

The continuity of warrants for the year ended March 31, 2017 is as follows:

Expiry Date	Exercise Price	March 31, 2016	Issued	Exercised	Expired/ Cancelled	March 31, 2017
October 13, 2016	$0.45	737,500	-	737,500	-	-
November 6, 2016 [(1)]	$0.75	1,657,000	-	1,247,000	410,000	-
November 10, 2016	$0.45	613,750	-	613,750	-	-
December 9, 2016[(2)]	$0.75	4,940,330	-	4,003,330	937,000	-
January 19, 2017[(3)]	$0.75	5,059,670	-	4,693,670	366,000	-
March 25, 2017[(4)]	$0.37	1,100,000	-	1,000,000	100,000	-
April 14, 2017	$0.40	-	2,640,000	1,490,000	-	1,150,000
June 16, 2017	$0.40	-	2,817,500	425,000	-	2,392,500
September 6, 2017	$0.40	-	10,866,250	1,502,500	-	9,363,750
		14,108,250	16,323,750	15,712,750	1,813,000	12,906,250

NOTE 14 – SHARE CAPITAL (Continued)

c) Share Purchase Warrants (Continued)

The continuity of warrants for the year ended March 31, 2016 is as follows:

Expiry Date	Exercise Price	March 31, 2015	Issued	Exercised	Expired/ Cancelled	March 31, 2016
October 13, 2016	$0.45	-	737,500	-	-	737,500
November 6, 2016[1]	$0.75	1,657,000	-	-	-	1,657,000
November 10, 2016	$0.45	-	613,750	-	-	613,750
December 9, 2016[2]	$0.75	4,940,330	-	-	-	4,940,330
January 19, 2017[3]	$0.75	5,059,670	-	-	-	5,059,670
March 25, 2017[4]	$0.37	-	1,100,000	-	-	1,100,000
		11,657,000	2,451,250	-	-	14,108,250

[1] On October 19, 2015, the Company extended the exercise date of the share purchase warrants from November 6, 2015 to November 6, 2016.

[2] On November 26, 2015, the Company extended the exercise date of the share purchase warrants from December 9, 2015 to December 9, 2016.

[3] On January 7, 2016, the Company extended the exercise date of the share purchase warrants from January 19, 2016 to January 19, 2017.

[4] On March 16, 2016, the Company extended the exercise date of the share purchase warrants from March 25, 2016 to March 25, 2017.

d) Finders' Warrants

The continuity of finders' warrants for the year ended March 31, 2017 is as follows:

Expiry Date	Exercise Price	March 31, 2016	Issued	Exercised	Expired/ Cancelled	March 31, 2017
October 13, 2016	$0.45	61,250	-	61,250	-	-
November 10, 2016	$0.45	47,500	-	47,500	-	-
January 19, 2017	$0.75	10,000	-	10,000	-	-
April 14, 2017	$0.40	-	379,000	11,500	-	367,500
June 17, 2017	$0.40	-	226,000	5,000	-	221,000
September 16, 2016	$0.40	-	1,022,500	576,750	-	445,750
		118,750	1,627,500	712,000	-	1,034,250

The continuity of finders' warrants for the year ended March 31, 2016 is as follows:

Expiry Date	Exercise Price	March 31, 2015	Issued	Exercised	Expired/ Cancelled	March 31, 2016
October 13, 2016	$0.45	-	61,250	-	-	61,250
November 10, 2016	$0.45	-	47,500	-	-	47,500
January 19, 2017	$0.75	10,000	-	-	-	10,000
		10,000	108,750	-	-	118,750

NOTE 14 – SHARE CAPITAL (Continued)

e) Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at the time of grant. Under the plan, the exercise price of an option may not be less than the closing market price of the Company's shares prevailing on the day that the option is granted. The options may have a maximum term of 5 years and be vested at the discretion of the board of directors.

As at March 31, 2017, 4,265,000 options, with an average exercise price of $1.19 per share and an average remaining life of 0.82 years, have been vested.

Expiry Date	Exercise Price	March 31, 2016	Granted	Exercised	Expired/ Cancelled	March 31, 2017
March 8, 2017	$0.93	-	275,000	275,000	-	-
May 8, 2017	$0.50	2,000,000	-	500,000	900,000	600,000
September 6, 2017	$1.49	-	300,000	-	-	300,000
September 6, 2017	$2.50	-	800,000	-	-	800,000
September 16, 2017	$0.50	200,000	-	200,000	-	-
September 24, 2017	$0.50	1,275,000	-	410,000	550,000	315,000
November 8, 2017	$0.93	-	220,000	-	-	220,000
September 9, 2018	$0.40	-	925,000	275,000	-	650,000
November 8, 2018	$0.93	-	430,000	-	-	430,000
November 8, 2018	$1.00	-	350,000	100,000	-	250,000
March 6, 2018	$1.49		700,000	-	-	700,000
December 15, 2020	$0.50	100,000	-	-	100,000	-
		3,575,000	4,000,000	1,760,000	1,550,000	4,265,000

As at March 31, 2016, 3,575,000 options, with an average exercise price of $0.50 per share and an average remaining life of 1.4 years, have been vested.

Expiry Date	Exercise Price	March 31, 2015	Granted	Exercised	Expired/ Cancelled	March 31, 2016
May 8, 2017	$0.50	-	2,000,000	-	-	2,000,000
September 16, 2017	$0.50	-	200,000	-	-	200,000
September 24, 2017	$0.50	-	1,275,000	-	-	1,275,000
December 15, 2020	$0.50	-	100,000	-	-	100,000
		-	3,575,000	-	-	3,575,000

f) Stock-Based Compensation

During the year ended March 31, 2017, the Company recognized stock based compensation expense of $1,042,560 (2016 – $1,100,628) for 4,000,000 stock options (2016 – 3,575,000) that were granted and vested in the year. These options have a weighted average fair value of $0.26 per option (2016 – $0.31) as determined on the date of grant.

During the year ended March 31, 2016, the Company recognized stock based compensation expense of $165,842 (2016 – $Nil) in share issuance costs for 1,627,500 finders' warrants (2016 – 108,750) granted in the year. These options have a weighted average fair value of $0.10 per option (2016 – $Nil) as determined on the date of grant.

NOTE 14 – SHARE CAPITAL (Continued)

f) Stock-Based Compensation (Continued)

The fair values of stock options and finders' warranted granted have been estimated using the Black Scholes option pricing model with the following assumptions made during the year ended March 31, 2017 and 2016:

	2017	2016
Risk-Free Annual Interest Rate	0.45% – 0.53%	0.58%
Expected Stock Price Volatility	107% – 158%	125%
Expected Life of Options and Warrants	0.30 – 0.5 years	2.09 years
Expected Annual Dividend Yield	0%	0%

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options, finders' warrants, and finders' unit warrants.

NOTE 15 – RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

a) Related Party Balances

As at March 31, 2017 and 2016, the Company has the following amounts due from (to) related parties that are non-interest bearing, unsecured, and have no specified terms of repayment.

	2017 $	2016 $
Due from Related Party		
Due from a Shareholder and Companies Controlled by Him for Business Development Advances (Note (c))	340,507	145,863
Due to Related Party		
Due to an Officer for Services and Expense Reimbursements	25,576	64,078
Trade and Other Payables		
Directors' Fees	9,000	-

b) Compensation of Key Management Personnel

The compensation paid or payable to Directors and Officers of the Company included consulting, management, and directors' fees for administrative and management services, and 1,400,000 stock options (2016 – 2,400,000) granted to these related parties.

Consulting Fees	68,927	-
Directors' Fees	3,250	12,000
Management Fees	285,000	165,000
Stock-Based Compensation	326,812	744,877
	683,989	921,877

NOTE 15 – RELATED PARTY TRANSACTIONS (Continued)

c) Compensations and Transactions with a Shareholder

	2017	2016
	$	$
Consulting Services (i)	270,000	360,000
Shareholder and Investor Relations Services (ii)	4,674,184	-
Software Program Development and Marketing Services (iii)	398,970	-
Finder's Warrants (iv)	73,404	-
Office Rent (v)	63,000	60,000
	5,479,558	420,000

The Company has the following related party transactions with companies controlled by a shareholder of the Company who has been appointed as the Interim President of the Company in June 2017. As at March 31, 2017, an amount of $340,507 (2016 – $145,863) was owed to the Company by the shareholder.

i) Consulting Services

On January 30, 2014, the Company entered into a consulting agreement with a company controlled by the shareholder for consulting services. During the year ended March 31, 2017, the Company paid consulting fees totalling $270,000 (2016 – $360,000).

ii) Shareholder and Investor Relations Services

During the year ended March 31, 2017, the Company entered into consulting agreements with companies controlled by the shareholder, for shareholder and investor relations services. The Company paid $550,872 and issued a total of 3,536,298 common shares with a fair value of $4,123,312 for services provided.

iii) Software Program Development and Marketing Services

On April 14, 2017, the Company entered into a delivery service agreement with a company controlled by the shareholder for design and development of a software program, website, databases and marketing programs for a marijuana delivery business. A retainer of $398,970 (US$300,000) was paid on March 30, 2017 and recorded in prepaid expense (Note 6).

iv) Finder's Warrants

In connection with the private placement completed in September 6, 2016, the Company issued 576,750 finder's warrants to the shareholder. Each warrant was exercisable for one common share of the Company at $0.40 per share for a term of one year. The fair value of these warrants of $73,404, as determined using the Black-Scholes option pricing model (Note 14(f)), was recorded in share issuance costs.

v) Office Lease Arrangement

During the year ended March 31, 2017, the Company paid rent totalling $63,000 (2016 – $60,000) to a company controlled by the shareholder for the rental of an office space used as the Company's head office.

vi) Acquisition of Econevada LLC

During the year ended March 31, 2017, the Company purchased a 75.5% interest in Econevada LLC from a shareholder for US$711,125 (Note 9(b)). The Company paid US$375,000 in cash and issued 1,072,813 common shares with a fair value of US$336,126.

NOTE 15 – RELATED PARTY TRANSACTIONS (Continued)

c) Compensations and Transactions with a Shareholder (Continued)

vii) Property Lease Arrangement

On July 15, 2014, the company entered into a lease agreement with a company controlled by the shareholder to lease up to a maximum of 11.2 acres in the Kelowna, B.C. area for a term of ten years with an option to renew for another ten years. Annual base rent is $15,000 per acre used by the Company plus a percentage rent equal to 6% of the Company's gross revenue from business conducted at the leased premises. The property is secured as the location of the Company's future production facility once the medical marijuana application is approved by Health Canada. No rent was charged to the Company pursuant to this lease arrangement in the year ended March 31, 2016 and 2017.

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed to by the related parties.

NOTE 16 – COMMITMENTS

a) Washington Property Purchase Agreement

On February 1, 2017, the Company entered into a purchase agreement with an arm's length party to purchase a property located in the State of Washington for US$4,200,000. The property includes land and five buildings presently located on the land. A non-refundable deposit of US$500,000 was paid. The remaining amount of the purchase price is payable by way of 37 monthly installments of US$100,000 commencing April 1, 2017.

The closing of the property purchase is contingent upon the Company's fulfilment of its obligation as lessee under the current lease arrangement (Note 16(b)). The title of the property will be transferred to the Company once payments totalling US$2,100,000 have been paid to the vendor.

As at March 31, 2017, prepaid expenses and deposits included $797,940 (US$600,000) in deposit and instalment prepaid for the month of April 2017 (Note 6). Subsequent to year-end, the Company paid a further US$300,000 in instalments for the months of May, June, and July 2017.

b) Washington Property Lease Agreement

A portion of the Washington Property (Note 16(a)) is currently leased by the Company pursuant to a lease agreement dated July 1, 2016 and amended on January 1, 2017. The term of the lease is for five years with an option to renew for another 5 years. Monthly base rent is $21,000 in the first year, $22,000 in the second year, $25,000 in the third year, $27,000 in the fourth year, and $30,000 in the fifth year. Monthly rent shall be forgiven for every month that the required monthly instalment is paid in full and on time pursuant to the terms of the property purchase agreement. The lease remains in effect until the closing of the property purchase.

c) Residential Condo Lease Agreement

On December 5, 2016, the Company entered into a lease agreement with an arm's length party for rental of a condo in Las Vegas, Nevada. The term of the one-year lease is from January 1 to December 31, 2017 with the option to continue on a month-to-month basis thereafter. Monthly rent is US$2,100 for an annual rent of US$25,200. The condo is occupied by an Officer of the Company while overseeing the Company's operations in Las Vegas.

NOTE 17 – INCOME TAX

a) Income Tax Expense

The income tax expense of the Company is reconciled to the net loss as follows:

	2017 $	2016 $
Expected Income Tax Recovery at Statutory Tax Rates	(2,738,021)	(856,789)
Permanent Differences	300,456	224,997
Change in Valuation Allowance	2,528,573	640,432
Other	(91,008)	(8,640)
Income Tax Recovery	-	-

b) Deferred Tax Assets and Liabilities

As at March 31, 2017 and 2016, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Accordingly, the Company recorded deferred tax assets as follows:

Deferred Tax Assets		
Tax Losses Available for Offset Against Future Taxable Income	4,022,163	1,588,167
Property and Equipment	284,451	246,611
Intangible Assets	22,493	13,000
Financing Fees	96,511	49,267
Valuation Allowance	(4,425,618)	(1,897,045)
Net Deferred Tax Assets	-	-

As at March 31, 2017, the Company has Canadian non-capital losses of $13,318,516 and U.S. net operating losses of US$1,598,140 which are available to offset future taxable income earned in Canada and the United States respectively. These tax losses expire as follows:

	Canadian Losses C$	U.S. Losses US$
2033	656,280	-
2034	3,677,846	-
2035	324,014	-
2036	1,292,287	110,592
2037	7,368,089	1,487,548
	13,318,516	1,598,140

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The Company has recorded a full valuation allowance against its deferred tax assets because of uncertainty as to the realization of these assets.

NOTE 18 – SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States.

	Canada $	USA $	Total $
Year Ended March 31, 2017			
Revenues	-	383,902	383,902
Expenses			
Amortization of Intangible Assets	-	88,786	88,786
Depreciation of Property and Equipment	9,255	118,802	128,057
Share of Loss in Equity Investment	111,868	-	111,868
Other Expenses	8,667,729	1,375,189	10,042,918
Net Loss for the Year	(8,788,852)	(1,198,875)	(9,987,727)
Current Assets	5,217,380	1,440,232	6,657,612
Loan Receivable	-	249,231	249,231
Due from Related Party	340,507	-	340,507
Property, Plant and Equipment	32,235	2,499,346	2,531,581
Intangible Assets	1	1,618,852	1,618,853
Investment in Associate	1,238,132	-	1,238,132
Segment Assets	6,828,255	5,807,661	12,635,916
Segment Liabilities	1,429,552	539,731	1,969,283
Year Ended March 31, 2016			
Revenues	-	-	-
Expenses			
Amortization of Intangible Assets	-	-	-
Depreciation of Property and Equipment	2,765	-	2,765
Impairment of Property and Equipment	-	725,345	725,345
Impairment of Intangible Asset	49,999	-	49,999
Other Expenses	2,409,238	107,997	2,517,235
Net Loss for the Year	(2,462,002)	(833,342)	(3,295,344)
Current Assets	388,348	-	388,348
Due from Related Party	145,863	-	145,863
Property, Plant and Equipment	38,682	594,363	633,045
Intangible Asset	1	-	1
Segment Assets	572,894	594,363	1,167,257
Segment Liabilities	364,144	496,220	860,364

NOTE 19 – SUPPLEMENTAL CASH FLOW INFORMATION

a) Change in Non-Cash Working Capital Accounts

	2017 $	2016 $
Trade and Other Receivables	(396,417)	(7,431)
Prepaid Expense and Deposits	(1,527,701)	445,395
Trade and Other Payables	468,652	311,471
Due to Related Parties	(38,502)	54,078
	(1,493,968)	803,513

b) Non-Cash Financing Activities

Shares Issued for Finders' Fees	97,800	87,911
Shares Issued for Services	4,518,478	-
Shares Issued for Debt	137,752	-
	4,754,030	87,911

c) Non-Cash Investing Activities

Shares Issued for Intangible Assets	594,855	-

d) Other Items

Income Taxes Paid	-	-
Interest Paid	20,940	13,546

NOTE 20 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 2(r). The Company's risk management is coordinated at its head office in Canada in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) 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 ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company has working capital of $5,976,005 as at March 31, 2017. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

b) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interests on the Company's loan payable and convertible bonds payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

NOTE 20 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Foreign Currency Risk

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash, trade and other payables, promissory notes payable, and equipment loans payable that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

d) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash and trade receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

e) Fair Value

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's financial instruments measured at fair value use Level 1 valuation techniques during the years ended March 31, 2017 and 2016. The carrying values of the Company's financial assets and liabilities approximate their fair values as at March 31, 2017 and 2016.

NOTE 21 – CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company manages its share capital as capital, which as at March 31, 2017, was $26,475,210. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing development efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

NOTE 22 – SUBSEQUENT EVENTS

a) Issuance of Nevada Medical and Recreational Marijuana Cultivation and Production Licenses

In May 2017, the Company received final approval from the State of Nevada for medical marijuana licenses. The Company, along with Phenofarm NV LLC (Note 22(b)) were issued a total of two cultivation licenses and a production license allowing the Company to grow and sell cannabis. These licenses also allow for the purchase of plants and product from other licensed growers. In July 2017, these licenses have also been approved for recreational use in the State of Nevada.

b) Exercise of Option to Acquire a Nevada Marijuana Cultivation License

On June 26, 2017, the Company exercised an option to acquire 100% of the equity interest of PhenoFarm NV LLC ("PhenoFarm") who owns a Nevada medical and recreational marijuana cultivation license (Note 22(a)). Pursuant to the terms of an amended option agreement dated June 26, 2017, the Company agreed to acquire 85% equity interest of PhenoFarm for US$250,000 in cash and the remaining 15% equity interest for 100,000 common shares of the Company.

Included in prepaid expenses and deposits (Note 6) as at March 31, 2017 was $6,650 (US$5,000) in deposit paid towards the purchase. Subsequent to year-end, the balance of the cash consideration was paid and the shares were issued to the arm's length vendor in July 2017.

c) Acquisition of a California Property – 1.22 Acres Desert Hot Springs

On March 24, 2017, the Company entered into an agreement to purchase 1.22 acres of property located in Desert Hot Springs, California. The transaction was completed on May 31, 2017 for a total consideration of US$1,126,729 inclusive of closing costs. Included in prepaid expenses and deposits (Note 6) as at March 31, 2017 was $46,546 (US$35,000) deposited into escrow.

d) Acquisition of a California Property – 7.02 Acres Desert Hot Springs

On April 26, 2017 the Company entered into an agreement to purchase 7.02 acres of property located in Desert Hot Springs, California for US$2,500,000. Included in prepaid expenses and deposits (Note 6) as at March 31, 2017 was $133,449 (US$100,000) deposited into escrow. The transaction is expected to close on August 31, 2017.

e) Acquisition of a California Property – 1.25 Acres Desert Hot Springs

On July 5, 2017 the Company entered into an agreement to purchase 1.25 acres of property located in Desert Hot Springs, California for US$520,000. The Company deposited US$18,000 into escrow on July 11, 2017. The transaction is expected to close on September 5, 2017.

f) Exercise of Warrants

Subsequent to year-end, the Company issued a total of 5,178,500 common shares upon the exercise of warrants for total gross proceeds of $2,071,400.

g) Exercise of Stock Options

Subsequent to year-end, the Company issued a total of 690,000 common shares upon the exercise of stock options for total gross proceeds of $370,000.

h) Delivery Service Agreement

On April 14, 2017 the company entered into a delivery service agreement with a related party for design and development of a software program, website, databases and marketing programs for a marijuana delivery business (Note 15(c)(iii)).

NOTE 22 – SUBSEQUENT EVENTS (Continued)

i) Office Lease Agreement

On June 1, 2017, the Company entered into a lease agreement with an arm's length party for rental of an office space in Kelowna, B.C. The term of the lease is two years from June 1, 2017 to May 31, 2019 with an option to renew for another 2 years. Monthly rent is $1,787 (annual rent of $21,448) in the first year and $1,915 (annual rent of $22,980) in the second year.