**WILDFLOWER MARIJUANA INC.,**

**(FORMERLY SUNORCA DEVELOPMENT CORP.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014 and 2013**

**Wildflower Marijuana Inc.,**

**(Formerly Sunorca Development Corp.)**

**Financial Statements**

**Period ended September 30, 2014 and 2013**

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**NOTICE OF NO AUDIT OR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

**Wildflower Marijuana Inc.,**

**(Formerly Sunorca Development Corp.)**

**Condensed Interim Statements of Financial Position**

 (Canadian funds)

(Unaudited – prepared by management)

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **September 30, 2014** | June 30,2014 |
| **Assets** |  |  |  |
|  |  |  |  |
| **Current** |  |  |  |
|  Cash and Cash Equivalents |  | **$ 40,774** | $ 227,459 |
|  GST/HST Receivable  |  | **27,487** |  16,014 |
|  Interest Receivable |  |  **-** |  543 |
|  Loan Receivable |  | **30,000** |  - |
|  Due from related parties – Note 7 |  | **6,720** | 6,720 |
|  Marketable Securities – Note 8 |  | **38,180** | 125,740 |
|  Prepaid and Deposits – Note 12 |  | **198,148** | 46,250 |
|  |  | **416,309** | 422,726 |
|  |  |  |  |
| **Investment in and loan to Suntech Energy Inc.** - Note 5 |  | **1** | 1 |
| **Application Expenditures** – Note 4 |  | **86,341** | 1,203 |
|  |  |  |  |
|  |  | **$ 427,651** | $ 423,930  |
|  |  |  |  |
| **Liabilities** |  |  |  |
|  |  |  |  |
| **Current** |  |  |  |
|  Accounts payable and accrued liabilities – Note 6 & 7 |  | **$ 139,660**  | $ 47,474 |
|  Due to related parties – Note 7  |  | **22,061** | 41 |
|  |  |  |  |
|  |  | **161,721** | 47,515 |
|  |  |  |  |
| **Shareholders’ Equity** |  |  |  |
|  |  |  |  |
| Share capital – Note 6  |  | **8,097,525** | 7,992,525 |
| Subscription receivable – Note 6 |  |  **-** | (6,000) |
| Contributed surplus – Note 6 |  | **573,676** | 183,383 |
| Accumulated other comprehensive income |  |  **13,233** |  51,575 |
| Deficit |  | **(8,418,504)** | (7,845,068) |
|  |  |  |  |
|  |  | **265,930** | 376,415 |
|  |  |  |  |
|  |  | **$ 427,651** | $ 423,930 |

**Nature of Operations and Going Concern** – Note 1

 *“Stephen Pearce”* “*William MacLean”*

 Director Director

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

**Wildflower Marijuana Inc.,**

**(Formerly Sunorca Development Corp.)**

**Condensed Interim Statements of Operations and Deficit**

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

|  |  |
| --- | --- |
|  | **Three months ended** |
|  | **September 30,** |

|  |  |  |
| --- | --- | --- |
|  | **2014** | 2013 |

|  |  |  |
| --- | --- | --- |
| **Administrative expenses** |  |  |
|  Accounting and audit fees  | **3,750** | - |
|  Bank charges and interest  | **178** | 62 |
|  Consulting and management fees – Note 7 | **58,215** | 8,500 |
|  Filing and transfer agent fees | **5,131** | 2,949 |
|  General office and miscellaneous | **8,162** | - |
|  Investor relations and shareholder communications | **42,040** | - |
|  Legal fees | **22,538** | - |
|  Rent | **68,038** | - |
|  Share-based payment expense | **390,293** | - |
|  |  |  |
|  Travel and accommodation  | **2,721** | - |
|  Website design | **5,953** | - |
|  |  |  |
| **Loss before other items** | **(607,019)** | (11,511) |
|  |  |  |
| **Other items:** |  |  |
|  |  |  |
|  Interest income  | **150** | 1,351 |
|  |  |  |
|  Realized gain (loss) on sale of marketable securities – Note 8 | **(6,935)** | 23,491 |
|  Rent received | **4,800** | - |
|  Financing fees  |  **-** | 17,000 |
|  |  |  |
|  |  |  |
| **Net loss for the period** | **(609,004)** | 30,331 |
|  |  |  |
|  |  |  |
| **Other Comprehensive loss** |  |  |
|  Transfer of OCI for sale of marketable securities | **35,568** | (138,656) |
|  |  |  |
|  |  |  |
| **Comprehensive income (loss)** | **(573,436)** | (108,325) |
|  |  |  |
| **Basic and diluted loss per share** | **(0.02)** | (0.00) |
|  |  |  |
| **Weighted average number of shares outstanding** | **30,212,135** | 13,006,770 |
|  |  |  |

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

**Wildflower Marijuana Inc.,**

(**Formerly** **Sunorca Development Corp.)**

**Condensed Interim Statements of Comprehensive Income (Loss) and**

**Accumulated Other Comprehensive Income (Loss)**

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

|  |  |
| --- | --- |
|  | **Three months ended** |
|  | **September 30,** |
|  | **2014** | 2013 |
|  |  |  |
| **Accumulated Other Comprehensive Income, Beginning** | **51,575** | 474,070 |
|  |  |  |
|  Transfer of OCI for sale of marketable securities | **(35,568)** | - |
|  |  |  |
|  Realized gain (loss) on sale of marketable securities | **-** | 4,200 |
|  |  |  |
|  Unrealized gain (loss) on available for sale marketable securities | **(2,774)** | (138,656) |
|  |  |  |
| **Accumulated Other Comprehensive Income, Ending** | **(13,233)** | 339,614 |

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

**Wildflower Marijuana Inc.,**

**(Formerly Sunorca Development Corp.)**

**Condensed Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

|  |  |  |
| --- | --- | --- |
|  |  | **Three months ended** |

|  |  |  |
| --- | --- | --- |
|  |  | **September 30,** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2014** | 2013 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash provided by (used in)** |  |  |  |
|  |  |  |  |
| **Operating activities** |  |  |  |
|  Loss for the period  | $ | **(609,004)** | $ (11,511) |
|  Items not involving cash: |  |  |  |
|  Share-based payment expense Realized loss on sale of marketable securities |  | **390,293****6,935** | -- |
|  Gain on sale of marketable securities  |  | **-** | 23,491 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  | **(211,776)** | 11,980 |
|  Changes in non-cash working capital items: |  |  |  |
|  Taxes receivable |  | **(11,473)** | (147) |
|  Interest receivable |  | **543** | (1,150) |
|  Prepaid expenses |  | **(121,898)** | - |
|  Accounts payable and accrued liabilities |  | **92,186** | 1,541 |
|  |  | **(252,418)** | 12,224 |
|  |  |  |  |
| **Financing activities** |  |  |  |
|  Subscription receivable |  | **6,000** | - |
|  Advance from/(to) related parties |  | **22,020** | (1,500) |
|  |  |  |  |
|  |  | **28,020** | (1,500) |
|  |  |  |  |
| **Investing activity** |  |  |  |
|  Loan receivable |  | **(30,000)** | (85,000) |
| Proceeds from disposition of marketable securitiesApplication expenditures |  | **77,851****(10,138)** | 52,555- |
|  |  | **37,713** | (32,445) |
|  |  |  |  |
| **Increase (decrease) in cash during the period** |  | **(186,685)** | (43,874) |
| **Cash and cash equivalents, beginning of period** |  | **227,459** | 65,456 |
| **Cash and cash equivalents, end of period** |  | **40,774** | 21,582 |
|  |  |  |  |
| Cash and cash equivalents is comprised of: |  |  |  |
|  Cash |  | **40,774** | 1,582 |
|  Short-term deposits |  | **-** | 20,000 |
|  |  | **40,774** | 21,582 |
| **Supplemental Cash Flow and Non-Cash Investing and** **Financing Activities Disclosure**  Cash received for interest | $ | **693** | $ - |
|  Cash paid for income taxes | $ | **-** | $ - |
|  Shares issued in deposit Shares issued for acquisition expenditures | $$ | **30,000****75,000** | $ -$ - |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

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

**Wildflower Marijuana Inc.,**

**(Formerly Sunorca Development Corp.)**

**Condensed Interim Statements of Changes in Shareholders’ Equity**

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Number of Shares |  Share Capital  | Contributed Surplus  | SubscriptionReceivable | Accumulated OtherComprehensiveincome |  Deficit |  Total |
| **Balance at June 30, 2014** | **30,006,700** | **$ 7,992,525** | **$ 183,383** | **(6,000)** | **$ 51,575** | **$ (7,845,068)** | **$ 376,415** |
| Comprehensive loss for the period |  - |  - |  - | - |  - |  (573,436) |  (573,436) |
| Shares issued in deposit  | 700,000 |  105,000 |  - | - |  - |  - |  105,000 |
| Subscriptions receivableShare-based paymentsTransfer of OCI for sale of marketable securities | --- | --- | -390,293- | 6,000-- | --(35,568) | --- | 6,000390,293(35,568) |
| Unrealized loss on marketable securities | - | - | - | - | (2,774) | - | (2,774) |
|  |  |  |  |  |  |  |  |
| **Balance at September 30, 2014** | **30,706,700** | **$ 8,097,525** | **$ 573,676** | **$ -** | **$ 13,233** | **$ (8,418,504)** | **$ 265,930** |
|  |  |  |  |  |  |  |  |
| Balance at June 30, 2013 | 13,006,770 | $ 7,142,525 | $ 183,383 | $ - | $ 474,070 | $ (6,806,367) |  $ 993,611 |
| Comprehensive gain for the period | - | - | - | - | - | 30,330 |  30,330 |
| Unrealized loss on marketable securities | - | - | - | - |  (134,456) |  - |  (134,456) |
| Balance at September 30, 2013 | 13,006,770 | $ 7,142,525 | $ 183,383 | $ - | $ 339,614 | $ (6,776,037) |  $ 889,485 |

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

**1. Nature of Operations and Going Concern**

Wildflower Marijuana Inc., (Formerly Sunorca Development Corp.) (the “Company”) is a junior company advancing two applications to grow and distribute medical marijuana under an MMPR license with Health Canada. The Company is incorporated under the Business Corporations Act of British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario. Its shares are listed for trading on the Canadian Stock Exchange under the symbol “SUN”. The Company’s registered office is located at 711 - 675 West Hastings Street, Vancouver, BC. The Company conducts its business as a single operating segment.

The Company currently has a 25% interest in a private company that has licensed technology for growing and harvesting algae to be utilized as an energy source (Note 5). In November 2009, the Issuer terminated its Gross Overriding Royalty Interest in Mnazi Bay production for consideration of $1 million, consisting of $400,000 cash and $600,000 in shares of Artumas Group Inc. (renamed Wentworth Resources Limited).

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern. As at September 30, 2014, the Company has working capital of $254,588 (June 30, 2014: $375,211) and has accumulated a deficit of $8,418,504 (June 30, 2014: $7,845,068) since inception. The Company is currently seeking other opportunities in the medical marijuana sector.

**2. Basis of Presentation**

1. **Statement of compliance**

These condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies set out in Note 3 have been applied consistently by the Company during the years presented.

These condensed interim financial statements were approved for issue by the Board of Directors on November 28, 2014.

1. **Basis of measurement, estimates and significant judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, 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 further periods if the review affects both current and future periods.

The condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

* The recoverability of taxes receivable;
* whether a past event has led to a liability that should be recognized in the statement of financial position or disclosed as a contingent liability;

**2. Basis of Presentation (continued)**

**b) Basis of measurement, estimates and significant judgments (continued)**

* the expected future tax rate used in the determination of the Company’s future income tax liability on the statement of financial position; and
* the assessment of the Company’s ability to execute its strategy by funding future working capital requirements.

**c) New accounting standards and interpretations**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2014, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

**Applicable to annual periods beginning on or after January 1, 2014**

*Amendments to IFRS 7 Financial Instruments: Disclosures*

Disclosures *—* Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) amends the disclosure requirements to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

*IFRS 10 Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for financial statements and SIC 12 Consolidation - Special Purpose Entities.   IFRS 10 establishes principles for the presentation and preparation of financial statements when an entity controls one or more entities.   This standard (i) requires a parent entity (an entity that controls one or more other entities) to present financial statements; (ii) defines the principle of control and establishes control as a basis for consolidation; (iii) sets out how to apply the principle of control whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of financial statements.

IFRS 10 may be adopted to an earlier accounting period, but in doing so, an entity must disclose the fact that it has early-adopted the standard and apply IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (as amended in 2012) and IAS 28 Investments in Associates and Joint Ventures (as amended in 2012).

*IFRS 11 Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

**3. Significant Accounting Policies (continued)**

**c) New accounting standards and interpretations (continued)**

Joint arrangements are either joint operations or joint ventures:

* A **joint operation** is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly).

* A **joint venture** is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of “proportionate consolidation” to account for joint ventures is not permitted.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 combines the disclosure requirements for an entity’s interest in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.   This standard requires the disclosure of information that enable users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

*IFRS 13 Fair Value Measurement*

IFRS 13 provides guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS.   IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value that are not fair value, such as net realizable value in IAS 2 Inventories; or value in use in IAS 36 Impairment of Assets.

*IAS 27 Separate Financial Statements*

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 prescribes the accounting for investments in associates and to set the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

**Applicable to annual periods beginning on or after January 1, 2015**

*Amendments to IAS 32 Financial Instruments: Presentation*

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) amends to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

**3. Significant Accounting Policies (continued)**

**c) New accounting standards and interpretations (continued)**

* The meaning of “currently has a legally enforceable right of set-off”;
* The application of simultaneous realization and settlement;
* The offsetting of collateral amounts;
* The unit of account for applying the offsetting requirements.

**Applicable to annual periods beginning on or after January 1, 2016**

*IFRS 9 Financial Instruments (2009)*

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

* Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances);
* Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss;
* All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss;
* The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before August 1, 2015. For annual periods beginning on or after August 1, 2015, the Company must adopt IFRS 9 (2011).

*IFRS 9 Financial Instruments (2011)*

This is a revised version incorporating 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.

This standard applies to annual periods beginning on or after August 1, 2015 and supersedes IFRS 9 (2009). However, for annual reporting periods beginning before August 1, 2015, the Company may early-adopt IFRS 9 (2009) instead of applying this standard.

1. **Application Expenditure**

The Company is in the process of applying to become a Licensed Producer under the *Marihuana for Medical Purposes Regulations* (the “MMPR”). The Company will capitalize all the expenditure related to the above mentioned license.

During the year ended June 30, 2014, the Company entered into an agreement with the Company’s CEO to acquire his progress towards to the application to become a Licensed Producer under MMPR by issuing 13,000,000 (2013: Nil) shares. The shares had a fair market value of $700,000 (2013: $Nil) at the issuance date. Subsequent to the year end, the Company forfeited the deposit on the Swayne property, which was an

1. **Application Expenditure (continued)**

important component of the application. The management has determined that the acquisition cost of $700,000 (2013: Nil) was written down to $Nil and the difference was recorded on the Statement of Operations and Deficit for the year ended June 30, 2014.

During the period ended September 30, 2014, Wildflower acquired an option on a Marihuana for Medical Purposes Regulation application that is nearing completion for filing with Health Canada. The Company is also in the process of completing an application for a research and development license related to the growing and use of medicinal marijuana.

As at September 30, 2014, the Application Expenditure consists of $86,341 expenditure related to the application of MMPR (June 30, 2014: $1,203). The expenditures for the current period include $75,000 which relates to the fair value of 500,000 common shares issued at a deemed price of $0.15 pursuant to the MMPR application option agreement.

**5. Investment In and Loan to Suntech Energy Inc.**

By a licensing and relationship agreement dated April 23, 2008, Suntech Energy Inc. (“Suntech”) acquired the exclusive worldwide license to use, lease and sell the technology for growing and harvesting of algae to be utilized as an energy source. Pursuant to this agreement, the Company incorporated Suntech for the purposes of undertaking the business of the license. On incorporation of Suntech, the Company was issued 3,000,000 common shares of Suntech at $0.000001 per share, which approximately represents a 25% interest in the issued common shares of Suntech. Pursuant to the agreement, the Company also agreed to loan Suntech $350,000. As at June 30, 2014 $350,500 (2013: $350,500) has been advanced to Suntech. The loan is non‑interest bearing, unsecured and was to be repaid at the earlier of (a) the first business date following the day in which Suntech has received $3,000,000 from investors, (b) April 23, 2010 or (c) within fifteen days of Suntech becoming a reporting issuer. The licensors may not assign their rights to the technology without the consent of the Company until the loan is repaid. Suntech has defaulted on its loan and the Company is evaluating its options.

As a result of the above transaction, the Company considered the guidance in IAS 27 Consolidated and Separate Financial Statements (“IAS 27”) and SIC – 12 Consolidation – Special Purpose Entities (“SIC- 12’).

Under SIC – 12 Special Purpose Entity (“SPE”) has a characteristic of en entity created to accomplish a narrow and well-defined objective. Suntech was determined to be a SPE as it was created to use, lease, and sell the technology for the growing and harvesting of algae to be utilized as an energy source. Under SIC – 12, an SPE is to be consolidated when the substance of the relationship between the Company and the SPE indicates that the SPE is controlled by the Company. The Company currently owns approximately 25% of the SPE and the Company does not in substance control the SPE. Therefore the SPE has not been consolidated in these financial statements and have been accounted for under the equity method of accounting for investments.

Management considers that an impairment provision is required on the remaining balance on the loan as Suntech is currently in the development stage and there is substantial doubt of its ability to raise future financing by becoming a public company.

**6. Share Capital**

 **a) Authorized**

 100,000,000 common shares without par value

 100,000,000 preferred shares

**6. Share Capital**

 **b) Issued (common shares)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number of Shares** | **Amount** | **Contributed Surplus** |
|  |  |  |  |
| **Balance, June 30, 2013**  | **13,006,770** | **$ 7,142,525** | **$ 183,383** |
| Shares issued – acquisition of Wildflower Marijuana Inc. | 13,000,000 | 650,000 | - |
| Finder fees  | 1,000,000 | 50,000 | - |
| Private placement  | 3,000,000 | 150,000 | - |
| **Balance, June 30, 2014** | **30,006,770** |  **7,992,525** | **183,383** |
| Shares issued in deposit | 200,000 | 30,000 | - |
| Share issued for application expenditures | 500,000 | 75,000 |  |
| Share-based payments | - | - | 390,293 |
| **Balance, September 30, 2014** | **30,706,770** | **$ 8,097,525** | **$ 573,676** |

During the period ended September 30, 2014, the Company issued 200,000 shares at a deemed price of $0.15 per share in order to extend the closing of a property purchase.

During the period ended September 30, 2014, the Company issued the initial 500,000 shares in relation to an option it acquired on a MMPR application that is nearing completion for filing with Health Canada. The application includes a site on Vancouver Island. Consideration for this option consists of 500,000 shares of Wildflower within 10 days of public announcement and a further 6,000,000 Wildflower shares upon the Vendor receiving the “right to build” a growing facility from Health Canada. The 6,000,000 shares will be subject to a 3 year escrow agreement. The option will terminate if the Company does not receive its right to build from Health Canada or by mutual consent of the parties to the agreement.

1. **Escrow**

As at September 30, 2014, the Company’s transfer agent held 11,725,000 (2013: 25,000) shares in escrow. The release of these shares is subject to regulatory approval.

**d) Subscription refundable**

As at September 30, 2014, the Company had a subscription refundable of $7,500 (2013: $7,500). It had not been paid back to the subscriber.

**e) Share-based payments**

 The Company has a stock option plan which authorizes the board of directors to grant incentive stock options to directors, officers and employees. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time. The exercise price of the options is determined by the market value of the shares at the closing price on the date prior to date of the grant. Unless otherwise stated, options fully vest when granted.

**6. Share Capital (continued)**

**e) Share-based payments (continued)**

The following table summarizes stock option transactions:

|  |  |  |
| --- | --- | --- |
|  | **Number of****Options** | **Weighted Average Exercise Price****$** |
|  |  |  |
| Outstanding, June 30, 2014  | - | - |
| Granted | 2,950,000 | 0.20 |
|  |  |  |
| Outstanding, September 30, 2014  | 2,950,000 | 0.20 |
|  |  |  |
| Exercisable, September 30, 2014 | 2,950,000 | 0.20 |

The following table summarizes the stock options outstanding at September 30, 2014:

|  |  |  |  |
| --- | --- | --- | --- |
| **Number of****Options Outstanding** | **Ranges of****Exercise Price****$** | **Weighted Average****Life to Expiry****In Years** | **Weighted Average****Exercise Price****$** |
|  |  |  |  |
| 2,950,000 | 0.20 | 4.85 | 0.20 |
|  |  |  |  |
| 2,950,000 |  | 4.85 | 0.20 |

During the three months ended September 30, 2014, the Company granted a total of 2,950,000 (2013 – Nil) stock options with an aggregate fair value of the vested options determined to be $390,293 (2013 - $Nil). Using the Black-Scholes option pricing model to estimate the fair value of stock options granted as at the date of grant, the Company determined the weighted average fair value of each option to be $0.13 (2013 - $Nil) per share. The fair values of the options were determined using the Black-Scholes option pricing model using the following assumptions:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Risk-free interest rate  | Dividend yield  | Volatility factor | Expected option life |
|  |  |  |  |  |
| September 30, 2014 | 1.46% | 0% | 91.38% | 5 years |
| September 30, 2013 | - | - | - | - |

**f) Share purchase** **warrants**

The Company did not grant any warrants during the period. As at September 30, 2014, there were no outstanding warrants.

**7. Related Party Transactions**

The Company incurred the following charges from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for management and consulting fees and directors fees:

|  |  |
| --- | --- |
|  | Three months ended September 30, |
|  | **2014** | 2013 |
| William MacLean (CEO) | **$ 30,000** | $ - |
| Nash Meghji (director, former CEO) | **$ 3,000** | $ 5,500 |
| Stephen Pearce (CFO, director) | **$ 6,000** | $ 3,000 |
| Danna Baillie (director) | **$ 3,000** | $ - |
|  | **$ 42,000** | $ 8,500 |

The Company had the following amounts due from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for prepaid expenses and prepaid rent:

|  |  |  |
| --- | --- | --- |
|  | **Three months ended** | Year ended |
|  | **September 30, 2014** | June 30, 2014 |
| Flying A Petroleum Ltd. | **$ (6,720)** | $ (6,720) |

The Company had the following amounts due to directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors:

|  |  |  |
| --- | --- | --- |
|  | **September 30, 2014** | June 30, 2014 |
| William MacLean (CEO) | **$ 10,000** | **$ -** |
| Nash Meghji (director, former CEO) | **$ 3,000** | **$ -** |
| Stephen Pearce (CFO, director) | **$ 6,000** | **$ -** |
| Danna Baillie (director) | **$ 3,000** | **$ -** |
| Jon Lever (director) | **$ 61** | **$ 41** |
|  | **$ 22,061** | **$ 41** |

Related party charges are measured by the exchange amount, which is the amount agreed upon by the transacting party. Amounts from and due to related parties are unsecured, non-interest bearing with no fixed terms of repayment, accordingly fair value cannot be readily determined.

**8. Marketable Securities**

|  |  |  |
| --- | --- | --- |
|  | **September 30, 2014** | June 30, 2014 |
|  | **Number of Shares** | **Amount** | Number of Shares | Amount |
|  |  |  |  |  |
| Wentworth Resources Ltd. | **45,000** | **$ 35,380** | 145,000 | $ 122,940 |
| BTU Capital Corp | **70,000** | **$ 2,800** | 70,000 | $ 2,800 |
|  |  | **$ 38,180** |  | $ 125,740 |

The Company classified its marketable securities as available for sale. The original cost of the shares was $602,800. As at September 30, 2014, these marketable securities were recorded at a fair value of $38,180 (June 30, 2014: $125,740) and an unrealized loss of $2,774 (June 30, 2014: $8,452) resulting from revaluation was included in other comprehensive income (loss) for the three months ended September 30, 2014.

**8. Marketable Securities (continued)**

On August 13, 2013, the Company entered into a loan agreement with Metalstorm Resources Corp (“Metalstorm”).The Company would receive 100,000 shares of Metalstorm as bonus. However, the shares had not been transferred to the Company as at September 30, 2014.

On August 21, 2013, the Company entered into a loan agreement with BTU Capital Corp (“BTU”). The Company received 70,000 shares of BTU as bonus. It was initially valued at $0.04 per share for a total of $2,800, which was the same value as at the year ended June 30, 2014. It was recorded as Financing income on the Statement of Operations and Deficit.

During the three months ended September 30, 2014, 100,000 (2013: 59,053) shares of Wentworth Resources Ltd. were sold for $77,851 (2013: $52,555). A $ (2013: $138,656) unrealized gain that was included in accumulated other comprehensive gain was subsequently reversed and a $6,935 (2013: $4,200) realized loss on sale of marketable securities was charged to operations.

**9. Management of Capital**

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital under acceptable risks.

In the management of capital, the Company includes the components of shareholders’ equity and short- term liabilities, as well as cash and cash equivalents and investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company is not subject to any capital requirements imposed by a regulator. The Company does not pay out dividends. The Company’s investment policy is to invest its cash in highly liquid short-term interest bearing investments, with maturities 90 days or less from the original date of acquisition.

**10. Financial Instruments**

1. **Fair value measurements**

IFRS 7 - Financial Instruments: Disclosures (“IFRS 7”), establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either direct (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents and marketable securities are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. Interest receivable, and accounts payable and accrued liabilities are measured using Level 3 inputs. As at June 30, 2014 the Company believes that the carrying values of taxes receivable, interest receivable, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

**10. Financial Instruments (continued)**

1. **Financial risks**

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The Company’s cash is held primarily through large Canadian financial institutions. Short-term investments consist of Guaranteed Investment Certificates, which have an original maturity of 90 days or less from the date of purchase and are readily convertible into a known amount of cash.

Liquidity risk

The Company manages liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. The Company has adequate working capital to discharge its existing financial obligations.

Market risk

*Interest rate risk*

The company has guaranteed investment certificates with guaranteed interest rates. Interest rate risk is minimal.

*Foreign currency risk*

The Company has currency risk exposure with respect to its marketable securities denominated in Norwegian krones. However, the Canadian dollar is considered a commodity based currency and is expected to remain strong. The market risk is considered acceptable. The Company operates in Canada and all of its expenses are incurred in Canadian dollars.

*Price risk*

The Company’s financial assets and liabilities are not exposed to price risk with respect to commodity prices.