

**FORM 2A****LISTING STATEMENT**

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. CNSX requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

**General Instructions**

- (a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.
- (c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.
- (d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.
- (e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on
  - (i) the Issuer
  - (ii) all other companies or businesses that are involved in the fundamental change (the "target"); and
  - (iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

- (f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

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## 2. Corporate Structure

- 2.1 The full corporate name of the Issuer is “Marapharm Ventures Inc.” The registered and records office of the Issuer is located at Unit 12, 7621 Vantage Way, Delta, British Columbia, V4G 1A6, and its head office is located at Unit 12, 7621 Vantage Way, Delta, British Columbia, V4G 1A6.
- 2.2 The Issuer was incorporated on April 24, 2007 as “0789189 B.C. Ltd.” pursuant to the *Business Corporations Act* (British Columbia) with an authorized share capital of 10,000 Class “A” Common Voting Shares without par value, 10,000 Class “B” Common Voting Shares without par value, 10,000 Class “C” Common Non-Voting Shares without par value, 70,000 Class “D” Preferred Non-Voting Shares with a par value of \$1.00 each, and 10,000 Class “E” Preferred Non-Voting Shares without par value. On February 19, 2012, the Issuer altered its Articles to rename the Class “A” Common Voting Shares to common shares without par value, and to increase the maximum number of common shares that the Issuer is authorized to issue to an unlimited number of common shares, and eliminated the Class “B” Common Voting Shares, the Class “C” Common Non-Voting Shares, the Class “D” Preferred Non-Voting Shares, and the Class “E” Preferred Non-Voting Shares. The Issuer also deleted Part 27 of the Articles of Incorporation in its entirety and replaced it with the following text:

“27. Special Rights and Restrictions

27.1 Every holder of a common share without par value shall be entitled to notice of all meetings of the shareholders of the Company and to one (1) vote at all Shareholder meetings for each such share so held.”

Pursuant to a Notice of Alteration dated May 23, 2013, the Issuer changed its name to “Capital Auction Market Inc.” Pursuant to a consent resolution of the sole shareholder of the Issuer at the time, dated May 21, 2013, the Issuer also altered its articles by deleting and cancelling the existing Articles of Incorporation and adopting a new form of Articles of Incorporation. The Issuer changed its name to “Marapharm Ventures Inc.” pursuant to a Notice of Alteration dated August 1, 2014.

The Issuer, a subsidiary of Whitewater Resources Ltd., became a reporting issuer upon the completion of a share distribution pursuant to a plan of arrangement on February 12, 2014, and, as such, is required to make filings on a continuous basis thereunder. Such material is available for inspection under the Issuer’s profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

- 2.3 The Issuer at the present time has one subsidiary, Marapharm Inc. Marapharm Inc. has an created and invested in an infrastrucute for the purpose of making applications for licenses and permits for medical marihuana in the United States. In addition, an application to Health Canada for a commercial Marihuana for Medical Purposes license has been submitted. There is no

guarantee that Health Canada will approve the Issuer's subsidiary as a licensed producer under the *Marihuana for Medical Purposes Regulations* ("MMPR"), however, Marapharm has invested several hundred thousand dollars in research, development, and professional fees with regard to the license application.

- 2.4 The Issuer was incorporated as a wholly-owned subsidiary of Whitewater Resources Ltd., with which it entered into a plan of arrangement. The plan of arrangement was approved at the annual general and special meeting of shareholders of Whitewater Resources Ltd. held on April 19, 2012, and received final approval from the Supreme Court of British Columbia on April 23, 2012.

The arrangement agreement dated March 5, 2012, between Whitewater Resources Ltd., the Issuer, Cariboo Lake Resources Corp., Ogopogo Industries Ltd., Web Watcher Systems Ltd., Outback Resources Inc., and Big Shaft Resources Inc. provided for the following:

Whitewater Resources Ltd. transferred its Rafflemaster Canadian License Marketing Agreement to the Issuer, a letter of intent with Life Lock Solutions Inc. to Outback Resources Inc., a letter of intent with Rift Valley Resources Inc. to Cariboo Lake Resources Corp., the Canadian License Marketing Agreement with Offshore Seafarm Systems Inc. to Ogopogo Industries Ltd., the Canadian License Marketing Agreement with 0815662 B.C. Ltd. to Web Watcher Systems Ltd., and the Contract of Purchase and Sale with White Manor Ltd. to Big Shaft Resources Inc., in consideration for 14,403,698 common shares of each of the Issuer, Cariboo Lake Resources Corp., Ogopogo Industries Ltd., Web Watcher Systems Ltd., Outback Resources Inc., and Big Shaft Resources Inc., which shares were distributed to the shareholders of Whitewater Resources Ltd.

The Issuer subsequently decided not to proceed with the terms of the Rafflemaster Canadian License Marketing Agreement, signing mutual releases effective December 31, 2012, and through a share acquisition, has acquired Marapharm Inc., which has an application to Health Canada for a commercial Marihuana for Medical Purposes license which is pending approval, for consideration of \$5,000,000, payable by the issuance of 10,040,000 units, each \$0.50 unit comprised of one common share and one common share purchase warrant exercisable into one common share at an exercise price of \$0.75 for a period of one year. The closing date was January 8, 2015. In addition, through Marapharm Inc., the Issuer acquired the right to re-brand, market, and sell a line of beauty products developed by Jason Lorensen which contain all-natural oil ingredients and are designed to alleviate certain skin conditions such as eczema.

- 2.5 As the Issuer is not a non-corporate issuer and not incorporated outside of Canada, its governing legislation (the *Business Corporations Act (British Columbia)*) or constating documents do not differ materially from Canadian

corporate legislation with respect to the corporate governance principles set out in Policy 4.

### 3. General Development of the Business

- 3.1 Whitewater Resources Ltd. (formerly the parent company of the Issuer), the shareholders of Whitewater Resources Ltd., and Rafflemaster Enterprises Ltd. entered into a letter of intent dated December 8, 2011, wherein the parties agreed that Rafflemaster Enterprises Ltd. would enter into a Canadian License Marketing Agreement with Whitewater Resources Ltd., subject to certain terms and conditions. The letter of intent was subsequently amended on February 12, 2012, and the Issuer entered into an agreement in 2012 with Whitewater Resources Ltd. wherein the Issuer agreed to acquire the rights of Whitewater Resources Ltd. to a marketing license pursuant to the terms of the amended letter of intent. The Issuer agreed to issue 14,403,698 common shares to the shareholders of Whitewater Resources Ltd. with a deemed price of \$1.00 for the shares.

The Issuer subsequently entered into an arrangement agreement with Whitewater Resources Ltd., Cariboo Lake Resources Corp., Ogopogo Industries Ltd., Web Watcher Systems Ltd., Outback Resources Inc., and Big Shaft Resources Inc. on March 5, 2012, which arrangement was approved at the annual general and special meeting of shareholders of Whitewater Resources Ltd. held on April 19, 2012, and which arrangement received final approval from the Supreme Court of British Columbia on April 23, 2012.

The Issuer was inactive as a business until April 2014, when it entered into discussions with Marapharm Inc. to acquire all of the issued and outstanding common shares of Marapharm Inc. The parties signed a definitive share purchase agreement dated December 10, 2014, subject to the purchase of all of the common shares of Marapharm Inc. for the purchase price of \$5,000,000, payable by the issuance of 10,040,000 units of the Issuer at a price of \$0.50 per unit, with each unit comprised of one common share and one common share purchase warrant exercisable at \$0.75 per share for a period of one year.

- 3.2 The Issuer completed the acquisition of all of the issued and outstanding common shares of Marapharm Inc. pursuant to the terms of a share exchange agreement dated December 10, 2014. Pursuant to the share exchange agreement, the Issuer paid \$5,000,000 to acquire all of the issued and outstanding shares of Marapharm Inc., payable in shares by the issuance of units of the Issuer, each unit comprised of one common share and one common share purchase warrant exercisable into one common share at an exercise price of \$0.75 per share for a period of one year. In consideration for the purchase price and by virtue of owning Marapharm Inc., the Issuer has acquired several assets of Marapharm Inc., including an offer to lease up to a maximum of 10 acres in Kelowna, British Columbia, for base rent of \$15,000 per acre per month and percentage rent equal to 6% of the gross revenue (defined as the entire amount of the sales price, whether wholesale or retail, for cash, credit, or

otherwise, of all sales of merchandise and services, and all other receipts and receivables whatsoever of all business conducted at, in, upon, or from the leased premises). The lease is for one renewable term of 10 years, commencing within 14 days of the removal of all of the conditions precedent, defined as the Issuer being granted a license from Health Canada to purchase and sell medical cannabis under the Marihuana for Medical Purposes Regulation by March 30, 2016 and the Issuer being satisfied that the appropriate municipal authorities for the City of Kelowna granting it the requisite occupancy permit and business license for the Issuer's intended use of the leased premises by March 30, 2016. The conditions precedent are for the sole benefit of the Issuer and may be waived in whole or in part by the Issuer. If all the conditions precedent have not been satisfied within the time limits set out, then the respective outstanding rights and obligations of the Issuer and the landlord shall be null and void unless the benefiting party provides notice to the other party within the time limits that the conditions precedent have been waived, satisfied, or declared fulfilled. Further, Marapharm Inc. has a minimum amount of cash and/or receivables of \$200,000, and a medical marihuana license department which is staffed by an exceptionally talented group of scientists, programmers, and marketers whose function is to research and obtain licenses and development permits for medical marihuana in 23 states in the U.S. where medical marihuana can be sold. Management of the Issuer estimates that medical marihuana licenses in the United States range in value from \$5,000,000 to \$10,000,000, and believes that Canadian medical marihuana licenses have equivalent or similar value. Marapharm Inc. also owns a beauty product line in an operating business which manufactures and markets health care products made with all-natural oil ingredients. The business was founded 10 years ago and sales average \$120,000 per annum. Through Marapharm Inc., the Issuer intends to re-brand and repackage the product line with the goal of marketing and selling them online.

In connection with the acquisition of Marapharm Inc., the Issuer also completed a private placement through the issuance of 1,656,000 units at a price of \$0.50 per unit (each unit consisting of one common share and one common share purchase warrant exercisable at \$0.75 for a period of one year) for gross proceeds of \$828,000. The Issuer intends to use the proceeds to acquire additional assets and or facilitate the construction of a production facility in Kelowna, British Columbia, to cover general and administrative expenses for the next twelve months, and to develop the marketing and sales program of medical marihuana to the public, in Canada and in the United States. Marapharm Inc. is an operating business staffed with professionals to create value from a new industry.

The effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer is set out below in the Issuer's pro forma combined statement of financial position:

	Marapharm Ventures Inc. \$	Marapharm Inc. \$	Pro-Forma Adjustments \$		Marapharm Ventures Inc. Pro-Forma \$
Assets					
Current assets					
Cash	-	520,675	748,000 (b)		1,832,675
	-	-	200,000 (c)		
	-	-	179,000 (d)		
	-	-	185,000 (f)		
Due from shareholder	-	200,000	-		200,000
GST receivable	-	1,499	-		1,499
	-	722,174	1,312,000		2,034,174
Deferred share issuance costs	-	225,000	82,500 (b)		307,500
Goodwill	-	-	3,179,128 (g)		3,179,128
Capitalized assets	-	325,000	-		325,000
	-	1,272,174	4,573,628		5,845,802
Liabilities					
Current liabilities					
Accounts payable	28,942	15,302	25,575 (a)		69,819
Due to related parties	25,575	-	(25,575) (a)		-
Total liabilities	54,517	15,302	-		69,819
Shareholders' deficit					
Share capital	6	2,576,501	830,500 (b)		3,996,007
			200,000 (c)		
			179,000 (d)		
			25,000 (e)		
			185,000 (f)		
Contributed surplus			3,179,128 (g)		3,179,128
Deficit	(54,523)	(1,319,629)	(25,000) (e)		(1,399,152)
Total shareholders' deficit	(54,517)	1,256,872	4,573,628		5,775,983
Total liabilities and shareholders' deficit	-	1,272,174	4,573,628		5,845,802

Specifically, the Issuer acquired from Marapharm Inc. all of the assets, leases, contracts, contacts, and personnel with the necessary skills for management, security, horticultural and technical skills to operate a medical marihuana business. The Issuer also acquired cash and the rights to the permit application with Health Canada for the right to cultivate, grow, and dispense medical marijuana, in addition to a land lease, technical plans to build a proposed structure, and a business plan to establish a base of operations in British Columbia in accordance with Health Canada regulations.

The transaction involved related parties of the Issuer by virtue of Les Kjosness, the President, Chief Executive Officer, and a director of the Issuer, Corey



Klassen, the Chief Financial Officer and a director of the Issuer, and Brian Peterson, a director of the Issuer, being shareholders of Marapharm Inc. prior to its acquisition by the Issuer. Messrs. Kjosness, Klassen, and Peterson each hold 100,000 common shares of Marapharm Inc.

The Issuer has not made any significant dispositions during the most recently completed financial year for which pro forma financial statements would be required under National Instrument 41-101 *General Prospectus Requirements*.

- 3.3 The Issuer has no history of operations. Even if the medical marihuana licenses are issued to Marapharm Inc. by Health Canada and/or state regulatory agencies in the United States, there is no guarantee that the production facility will be constructed nor is there any guarantee that the business model of producing and selling marihuana will be a viable business. Significant funds are required to construct the facility, to obtain the license, and to market and sell medical marihuana to the public. Other companies are already either licensed to produce medical marihuana or are in a more advanced state under the MMPR in achieving their license.

The market for medical marihuana in Canada is tightly controlled by, and subject to regulation, including the MMPR, which is currently in effect and replaces the *Marihuana Medical Access Regulations* ("MMAR"), which was repealed on March 31, 2014, and the *Controlled Drugs and Substances Act* (the "CDSA"). The CDSA and its regulations provide a framework for the control of substances that can alter mental processes and that may harm an individual or society when misused or diverted to an illicit market. The purpose of the CDSA and its regulations is to protect public health and maintain public safety by balancing the need for access to these substances for medical, scientific, and industrial purposes with the need to minimize the risk of their misuse or diversion. Canadian courts have determined that individuals who have demonstrated a medical need for marihuana must have reasonable access to a legal source of marihuana for medical purposes. The MMPR came into force on June 7, 2013, and aimed to treat dried marihuana as much as possible like other narcotic drugs by creating the conditions for a commercial industry that produces and distributes quality, controlled, dried marihuana to individuals who receive support from their healthcare practitioners. The MMPR was developed as a comprehensive response to various concerns raised by stakeholders in relation to the MMAR, which was repealed on March 31, 2014. Cannabis is also regulated by the *Narcotic Control Regulations*. Since the commercial medical marihuana industry is a new industry, the Issuer anticipates that such regulations will be subject to change as the federal government monitors licensed producers in action. The Issuer currently has plans to sell medical marihuana in Canada and the United States. In the United States, there are important legal differences between medical cannabis at the federal and state levels. At the federal level, cannabis *per se* has been made criminal by implementation of the *Controlled Substances Act*, but as of 2009, new federal guidelines have been enacted. In October 2009, the U.S. Deputy Attorney General issued a U.S. Department of Justice memorandum to "All United States Attorneys" providing clarification and

guidance to federal prosecutors in states that have enacted medical marijuana laws. The document is intended solely as “a guide to the exercise of investigative and prosecutorial discretion and as guidance on resource allocation and federal priorities.” It includes seven criteria to help determine whether a patient’s use, or their caregiver’s provision, of medical cannabis “represents part of a recommended treatment regimen consistent with applicable state law”. The Department advised that it “likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers....Large-scale, for-profit commercial enterprises, on the other [hand],...continued to be appropriate targets for federal enforcement and prosecution.”

California passed an initiative to allow medical cannabis in 1996. In the intervening years, multiple states have passed similar initiatives. Cannabis remains illegal throughout the United States and is not approved for prescription as medicine, although 23 states (Alaska, Arizona, California, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey, New York, Oregon, Rhode Island, Vermont, and Washington, as well as the District of Columbia) approve and regulate its medical use. The federal government continues to enforce its prohibition in these states. Potential health benefits aside, cannabis remains a U.S. federally controlled substance, making possession and distribution illegal.

On March 21, 2014, the Federal Court of Canada issued an order in response to a motion brought by four individuals (the "Applicants"). Among other things, the Federal Court ordered the following:

1. The Applicants who, as of March 21, 2014, hold a valid Authorization to Possess pursuant to section 11 of the *Marihuana Medical Access Regulations (Canada)*, are exempt from the repeal of the MMAR and any other operation of the MMPR which are inconsistent with the operation of the MMAR, to the extent that such an Authorization to Possess shall remain valid until such time as a decision in the case is rendered and subject to the terms in paragraph 2;
2. The terms of the exemption for the Applicants holding a valid Authorization to Possess pursuant to section 11 of the MMAR shall be in accordance with the terms of the valid Authorization to Possess held by that Applicant as of March 21, 2014, notwithstanding the expiry date stated on that Authorization to Possess, except that the maximum quantity of dried marihuana authorized for possession shall be that which is specified by their licence or 150 grams, whichever is less;
3. The Applicants who held, as of September 30, 2013, or were issued thereafter a valid personal-use production license pursuant to section 24 of the MMAR, or a designated-person production license pursuant to section

34 of the MMAR, are exempt from the repeal of the MMAR or any other operation of the MMPR which is inconsistent with the operation of the MMAR, to the extent that the designated-person production license or personal-use production license held by the Applicants shall remain valid until such time as a decision in the case is rendered at trial and subject to the terms of paragraph 4; and

4. The terms of the exemption for an Applicant who held, as of September 30, 2013, or was issued thereafter a valid personal-use production license pursuant to section 24 of the MMAR or a designated-person production license pursuant to section 34 of the MMAR, shall be in accordance with the terms of their licence, notwithstanding the expiry date stated on that licence.

The foregoing means that (i) the Applicants who held a license to possess marihuana under the MMAR on March 21, 2014, can continue to possess marihuana in accordance with the terms of that license except that the maximum quantity of dried marihuana authorized for possession shall be that which is specified by their license or 150 grams, whichever is less; and (ii) the Applicants who held, as of September 30, 2013, or were issued thereafter a valid license to produce marihuana under the MMAR can continue to produce medical marihuana in accordance with the terms of that license, in each case until such time as the Federal Court decides the merits of the case.

As of the date of this Listing Statement, it is not clear how the federal government will react to this order or whether it will be applied to all holders of possession and production licenses previously issued under the MMAR. If Health Canada applies this order to all existing holders of possession and production licenses, the Issuer expects that the immediate effect will probably be a lower number of existing MMAR clients than may have otherwise been anticipated registering with the Issuer, as some may choose to continue to acquire or grow their own marihuana as they have been doing until the issue is finally settled by the courts.

Because the court order applies only to existing MMAR license holders, it does not exempt new clients who were not licensed under the old rules from having to acquire their medical marihuana from licensed producers under the MMPR. As a result, it is not anticipated that the order will have any effect on the opportunity to supply medical marijuana to new entrants. Based on Health Canada's predictions with respect to the growth in the number of users of medical marihuana in Canada, it is anticipated that the number of new users in coming years will outnumber those who were licensed to possess or produce medical marihuana under the MMAR.

In addition, it is anticipated that problems with supply under the current system and the expertise, time, and costs associated with growing one's own medical marihuana may be sufficient to cause some who have an existing license to possess and/or produce marihuana under the MMAR to choose to acquire their supply of medical marihuana from a licensed producer, despite the terms of the recent court order.

It is unclear and not foreseeable what the federal court may ultimately decide when it hears the full case brought by the Applicants. If the court renders a decision consistent with the terms of its recent order, the effects on the addressable market for the Issuer's products would be expected to continue and the Issuer would focus on its U.S. business, as well as on its all-natural oil beauty product line. See "Risk Factors".

In addition, the proposed *Regulations Amending the Narcotic Control Regulations and the Marihuana for Medical Purpose Regulations (Communication of Information)* would require licensed producers of marihuana for medical purposes, who received a request from a healthcare licensing authority, to provide semi-annual reports to the authority about their members who provided their patients with a medical document supporting the patient's registration with a licensed producer.

#### 4 Narrative Description of the Business

- 4.1 After acquiring Marapharm Inc., the Issuer intends to build a production facility in Kelowna, British Columbia, on an 11-acre site to be leased by Marapharm Inc. for the purpose of constructing a new 50,000-square-foot, designed-to-suit grow facility, expanding to 100,000 square feet in the second year of operations. The initial cultivation area will be approximately 40,000 square feet, to be expanded to 80,000 square feet within a 24-month time frame. Further construction and acquisition of more land has been included in the Issuer's long-term growth plan, and once a realistic assessment of export demand can be calculated, additional facilities will be brought online to satisfy demand.

Marapharm Inc. has negotiated a long-term land lease on 11 acres in Kelowna, British Columbia, to build the operating facility. The property can accommodate a two storey, 40,000-square-foot facility, with the requisite parking area and green space. The construction contract is currently being prepare to build a Phase I, 40,000-square-foot production facility with an additional 40,000 square feet of additional space planned for year two. It is anticipated that the production facility will be operational six months following receipt of the building permits. The building design is in the early stages and will address the following requirements, including:

- Electrical, plumbing and HVAC
- Controlled lighting
- Pest control
- Security requirements: cameras, fingerprint locks, perimeter security
- Recordkeeping requirements tied in with security
- Secure storage
- Shipping and receiving
- Offices, quality assurance laboratory, research and development

- Staff requirements; and
- Environmental considerations.

Marapharm Inc. intends to employ local personnel at its Kelowna facility to service walk-in and by-appointment customers. Additionally, the facility will house the “delivery” and “export” divisions, where product will be packaged for offsite product fulfillment sales. The business will be highly regulated, and all handling of product, packaging, and delivery systems will be subject to scrutiny and review. Careful control procedures will be implemented to ensure complete compliance with the regulations.

Preliminary discussions have been held with a local financial institution which has expressed interest in providing long-term financing at very favourable rates, thereby reducing the need to raise additional funds at this time.

### *The Medical Marihuana Market*

The North American movement towards legalization of marihuana has created an enormous economic opportunity for industry participants able to obtain the necessary certification and operational licenses for the cultivation and sale of marihuana. Following the introduction of new legislation, the Government of Canada is accepting applications for commercial medical marihuana production facilities. The number of licenses to be granted will be restricted, and subject to significant qualifications and requirements.

23 states in the United States have legalized use of medicinal marihuana with other states considering either legalizing recreational marihuana and/or medicinal marihuana, and others in process. Of the 23 states, Maryland allows for reduced or no penalties if cannabis use has a medical basis. Despite legalization of marijuana in Washington and Colorado, an employee may still be fired if they test positive on a drug test, despite having a doctor’s recommendation. California, Colorado, Arizona, New Mexico, Maine, Rhode Island, Montana, and Michigan are currently the only states to utilize dispensaries to sell medical cannabis; Connecticut and Massachusetts are also planning to do the same. This will have the effect of legitimizing the industry, while offering a measure of safety control that has up until now been non-existent.

The Canadian market potential is presently estimated by management of the Issuer to be valued at \$1.2 billion based on a cost benefit analysis of regulatory changes for access to marihuana for medical purposes prepared by David Stambrook, Senior Economist, Delsys Group Inc. dated as of December 2012. The Issuer’s long-term development strategy is to add export sales to its Canadian sales, as management anticipates substantial revenue increases through international sales and distribution, with world market potential presently estimated by the Marijuana Business Daily at \$115 billion and some analysts such as the Natural Society (in an article entitled “Annual Retail Sales for Hemp at \$581 Million, Growing by 24% Annually”) predicting a 24% annual growth rate for the next ten years.

### *Objectives*

The objectives over the next three years for the Issuer in the medical marihuana space are:

- Achieve profitability in the first year;
- Expand by building/leasing up to an additional 100,000 square feet of contiguous space by the end of the second year of operation;
- Capitalize on the rapidly growing market for medical marihuana and the potential market for recreational marihuana, if and when it is legalized;
- Develop an international sales and marketing program to penetrate foreign markets and develop an export division; and
- Increase yield per light/square foot to achieve economies of scale.

The Issuer intends to achieve its medical marihuana objectives as follows:

<b>Objective</b>	<b>Milestone</b>	<b>Anticipated Cost</b>	<b>Timeline from date hereof</b>
Complete design and technical assessment of facility (\$100,000), incur application and license fees (\$35,000), acquire expensed equipment (\$25,000), incur training and certification costs (\$15,000)	Issuance of conditional Licence	\$175,000	Over next twelve months
Commence lease payment for 50,000 square feet of contiguous space, construct facility on leased premises	Definitive agreement	\$6,000,000	Immediately upon receipt of Health Canada approval in year one to year three
Develop an international sales and marketing program	Definitive agreement	\$36,625	Immediately upon receipt of Health Canada approval in year one to year three
Commence/Increase production	Receipt of final Licence	\$8,000,000	Immediately upon receipt of Health Canada approval in year one to year three
<b>Total</b>		<b>\$14,211,625</b>	

While waiting for license approval, the Issuer will market and sell its line of hemp oil beauty products and actively seek additional acquisition opportunities in the medical marihuana space by purchasing grow operations, dispensaries, operational or startup

medical marihuana companies, and other retail outlets. Following a preliminary round of funding, the Issuer intends to raise equity capital to meet the three-year objectives listed above.

The Issuer intends to achieve its objectives for its Maragold products as follows:

<b>Objective</b>	<b>Milestone</b>	<b>Anticipated Cost</b>	<b>Timeline from date hereof</b>
Product rebranding, relabelling and packaging.	Create new product identity	\$18,700.00	April 2015
Hair product launch	Launch of first products	\$68,200.00	May 2015
Sun care Product launch	Launch of sun care products	\$42,800.00	July 2015
Skin care product launch	Launch of skin care products	\$59,500.00	September 2015
Continued promotion of products	Continued production	\$52,200	October - March 2016

### *Keys to Success*

The emerging industry of the legal production and sale of marihuana and marihuana products is in its infancy, however, by all estimations it is projected to rapidly achieve multibillion dollar sales. Certain financial projections by various research and investment firms predict the size of the North American market to exceed \$12 billion by 2018. While the rapid growth and expansion of the overall market will provide for numerous participants, the Issuer intends to establish itself as a market leader and name brand within the industry. To this end, the Issuer has identified the following key elements to success:

- Become an early market leader through the rapid construction of its initial production and harvesting facility in Kelowna, British Columbia;
- Focus on marketing to regional customers and potential export markets;
- Aggressively pursue cost analysis, control, and reduction;
- Concentrate on post-harvest care of product to ensure highest possible quality;
- Emphasize patient care, doctor education, and customer service;
- Develop hybrid products which can be marketed under premier, trademarked brand names;
- Capitalize on the expertise of Dr. Markus Heinrichs and Jason Lorensen to introduce superior growing methods employing new scientific processes and techniques.

### *Competition and Buying Patterns*

The competition in the business will evolve over time as the industry matures. At first, availability will be the driving factor for individual company sales. This will be managed through aggressive marketing and direct sales efforts. As the industry grows, brand name recognition and value will develop. This will create additional marketing opportunities, and the chance to create customer loyalty. Superior products, combined with brand familiarity, will add corporate value, providing a stable sales base and allowing for differentiated pricing models.

### *Strategy and Implementation Summary*

The Issuer's strategy is to capitalize on the decades of industry-specific expertise of its management team in order to establish a state-of-the-art facility and to grow, cultivate, harvest, and sell the highest-quality marihuana strains and products. The Issuer intends to create specialized blends that will be the product base for its in-house branding strategy. This will give the Issuer better marketing opportunities and a mechanism to differentiate it from the competition.

### *Competitive Edge*

The Issuer benefits from the marketing skills and experience of its Chief Executive Officer, Linda Sampson. With a proven history of international sales, marketing, and brand establishment, Ms. Sampson brings extensive startup skills to the Issuer. The balance of the team brings decades of agricultural expertise, specializing in the development and production of medical marihuana. Using its financial resources, the Issuer will construct a facility which will offer best-in-class production of the highest quality product in the industry.

### *Marketing Strategy*

The Issuer will utilize proprietary Internet, mobile, and Web-based processes to create virtual storefront opportunities for approved buyers. The Issuer intends to focus on delivery systems, service alternatives, and awareness campaigns, placing a special emphasis on brand development. There already exists within the community a significant familiarity with various blends, strains, and sources of particular types of cannabis product. Management of the Issuer intends to focus a significant portion of its marketing efforts on creating brand awareness for the premium products it intends to offer. The target market will initially be those customers who already purchase medical marihuana, but that market is expected to dramatically increase over the next few years. The potential that the export market offers may exceed that of the domestic market. State-of-the-art messaging systems, social media, targeted Internet sales, and industry-specific advertising will represent the initial market penetration phase, with a longer term, product association program to be initiated.

### *Sales Strategy*



The Issuer will employ local personnel at the Kelowna facility to service walk-in and by-appointment customers. Additionally, the facility will house the “delivery” and “export” division, where product will be packaged for off-site product fulfillment sales. As the medical marihuana industry is highly regulated, all handling of product, packaging, and delivery systems will be subject to close scrutiny and review. Careful control procedures will be implemented to ensure complete compliance with the regulations.

### *Funding*

To date, sources of capital comprise interest on funds that have been deposited of \$828,000 from the Issuer’s recent private placement. Following a preliminary round of funding from founders and associates, the Issuer intends to raise additional equity capital to meet its short-term and long-term objectives. Management of the Issuer has prepared the following simplified budget for the first twelve months of operations:

	<b>Average Monthly Cost</b>	<b>Total Annual Cost</b>
Legal	\$12,500	\$150,000
Design and technical assessment	\$8,333.33	\$100,000
Insurance	\$416.67	\$5,000
Rent	\$1,250	\$15,000
Application and license fees	\$2,916.67	\$35,000
Expensed equipment	\$2,083.33	\$25,000
Training and certification	\$1,250	\$15,000
Working capital	\$20,833.33	\$250,000
<b>Total</b>	<b>\$49,583.33</b>	<b>\$595,000</b>

### *Hemp Oil Beauty Product Line*

Medical research shows that significant amounts of body care ingredients, including carcinogenic chemicals, penetrate the skin and end up in the blood stream. Many chemicals in cosmetics do not cause obvious signs of toxicity on the skin but slowly poison people thorough repeated use. In recent years, large pharmaceutical companies have started administering more drugs through transdermal skin applications. This is both good and bad, as skin can be fed, nourished, and treated from the outside, but bad because the products may be toxic, resulting in gradual poisoning over time. The David Suzuki Foundation lists the top 12 toxic ingredients in everyday body products, as follows:

1. BHA and BHT, which are used in moisturizers as preservatives, and suspected to act as endocrine disruptors that may cause cancer and are known to be harmful to fish and other wildlife;
2. Coal tar dyes such as p-phenylenediamine and colours listed as CI followed by five digits, which are used in some hair dyes and may be contaminated with heavy metals that are toxic to the brain;
3. DEA, cocamide DEA, and lauramide DEA, which are used in some creamy and foaming moisturizers and shampoos. The chemicals may react to form nitrosamines, which may cause cancer and are harmful to fish and other wildlife.
4. Dibutyl phthalate, which is used as a plasticizer in some nail care products, and are suspected to act as endocrine disruptors and reproductive toxicants that are harmful to fish and other wildlife.
5. Formaldehyde-releasing preservatives such as DMDM hydantoin, diazolidinyl urea, imidazolidinyl urea, methenamine, quaternium-15, and sodium hydroxymethylglycinate, which are used in a variety of cosmetics and slowly release small amounts of formaldehyde, which causes cancer.
6. Parabens, methylparaben, butylparaben, and propylparaben, which are used in a variety of cosmetics as preservatives, and are suspected to act as endocrine disruptors and may interfere with male reproductive functions.
7. Parfum, which is any mixture of fragrance ingredients used in a variety of cosmetics. Some fragrance ingredients can trigger allergies and asthma. Some are linked to cancer and neurotoxicity. Some are harmful to fish and other wildlife.
8. PEG compounds, such as PEG-60, which are used in some cosmetic cream bases and may be contaminated with 1,4-dioxane, which may cause cancer.
9. Petrolatum, which is used in some hair products for shine and as a moisture barrier in some lip balms, lip sticks, and moisturizers, is a petroleum product that may be contaminated with polycyclic aromatic hydrocarbons, which may cause cancer.
10. Siloxanes such as cyclotetrasiloxane, cyclopentasiloxane, cyclohexasiloxane, and cyclopethicone, which are used in a variety of cosmetics to soften, smooth, and moisten. Siloxanes are suspected to act as an endocrine disrupter and reproductive toxicant (cyclotetrasiloxane) and are harmful to fish and other wildlife.
11. Sodium laureth sulphate, which are used in some foaming cosmetics, such as shampoos, cleansers, and bubble bath, and can be contaminated with 1,4-dioxane, which may cause cancer.

12. Triclosan, which is used in some antibacterial cosmetics, such as toothpastes, cleansers, and deodorants. Triclosan is a suspected endocrine disrupter and may contribute to antibiotic resistance in bacteria, and is harmful to fish and other wildlife.

Developed by Jason Lorenson, the hemp oil beauty product line known as “Lorzeno’s Oils” consists of the following main products:

**Illustrious shampoo:** Contains no sodium lauryl sulphate (SLS), a chemical compound used in floor cleaning products, engine degreasing products, car wash soaps, etc., which is corrosive and attacks greasy surfaces. As a result, it dries skin by stripping the protective lipids from the surface so it cannot effectively regulate moisture. In addition, SLS reacts with many types of ingredients used in skin products and forms nitrosamines (nitrates) that are potential cancer-causing agents. Rather, the Issuer’s shampoo product contains vegetable glycerin (which has emollient properties to soften and soothe the skin and assist the outer epidermis to retain moisture), phytokeratin (vegetable-derived and made by blending free amino acids from wheat, corn, and soy), bioplex NMF (made from a combination of moisturizers, proteins, and humectants), multi-fruit BSC (natural fruit juice blend with alpha hydroxol acids that are promoted to have cell-renewing, firming, and soothing properties for skin and hair and promotes faster and healthier cell turnover rates).

**Illustrious conditioner:** contains no parabens, a chemical compound of para-hydroxybenzoic acid, with common types such as butyl, propyl, and ethyl parabens. Less common types include benzylparaben and isobutylparaben. One type of paraben, methylparaben, has also been linked to premature aging of skin. A study undertaken by Japan indicated that certain cosmetic products may cause skin to age excessively when exposed to UV rays. Ironically, this compound can be commonly found in products designed to fight the effects of aging. One of the biggest concerns is the effect of parabens on breast cancer. Several studies have found traces of parabens in cancerous breast tumours. Although there is little doubt that parabens can affect breast tissue, whether they actually increase the possibility of breast cancer is still uncertain. The Issuer’s conditioner product contains vegetable glycerin, jojoba oil, carrot oil, phytokeratin, bioplex NMF, and multifruit BSC.

**Illustrious leave-in conditioner:** contains no parabens. Contains natural ingredients such as vegetable glycerin, jojoba oil, carrot oil, phytokeratin, bioplex NMF, and multifruit BSC.

**Illustrious hot oil treatment:** contains cocoa butter (a natural antioxidant, is promoted to help retain moisture, and contains cocoa mass polyphenols, a substance that inhibits the production of the immunoglobulin IgE, which is known to aggravate symptoms of dermatitis, or dandruff); soy lecithin (found in almost all living cells and high in Vitamin B and antioxidants, marketed for very dry and dehydrated skin); almond oil (emollient known for its ability to soften and recondition skin, rich in proteins and Vitamin D); jojoba oil, rosehip oil (extremely high in essential fatty acids and is believed to help treat dry, irritated, weathered skin, contains Vitamin C oil which is non-irritating to skin and prevents the “Fenton reaction”, whereby water-soluble Vitamin C has a reaction when it

interacts with iron in the skin to form hydroxyl free radicals); vegetable glycerin; shea butter (believed to have protecting and emollient properties, rich in cinnamon acid to protect the skin and hair from UV rays, acts as a healing agent for dry, damaged hair); avocado oil (contains Vitamins A, B1, B2, D, E, and beta carotene, as well as sterolins, or plant steriods, believed to soften the skin and impart a superior moisturizing effect. In a study done at the Department of Food Engineering and Biotechnology, Technion-Israel Institute of Technology in 1991, it was discovered that avocado oil significantly increases the amount of collagen in the skin, which normally diminishes with age); Vitamin E (which is believed to play a crucial role in protecting skin cells and membranes from environmental damage, including preventing damage to the skin from UV rays, pollutants, and aging); and lavender oil (believed to be antiseptic, antibacterial, antiviral, anti-toxic, anti-inflammatory, analgesic, restorative, with therapeutic effects on the skin. Contains high percentage of linalool, which is believed to promote healing. Promoted to be vulnerary (prevents tissue degeneration), cytophylactic (stimulates the growth of new skin cells), cilcatrisant (helps with normal healing, while preventing scarring), rubefacient (increases blood circulation and relieves congested skin). Lavender oil is marketed for the treatment of abscesses, acne, carbuncle, eczema, minor infections, oily skin, boils, burns, sunburn, wounds, and psoriasis.

**Satsuma daily facial cleanser:** Contains aloe vera (known as a moisturizing agent, contains Vitamin B complex, folic acid, Vitamin C, and carotene. Believed to have calming, cooling, and anti-inflammatory properties) and orange oil.

**Bewitched toning elixir:** Contains witch hazel (believed to have mildly styptic properties as well as helps to reduce razor burn and swelling), sea buckthorn (natural bactericide, antioxidant, and analgesic which can be used in topical applications and marketed to improve cell metabolism and as a free radical scavenger to delay dermal aging), cucumber peel (believed to have anti-inflammatory and skin-tightening properties which is used to keep the facial skin soft while providing a natural sunscreen, also acts as a skin toner and can be used as an astringent), papaya (contains Vitamin A, which helps repair skin by increasing the rate of new cell formation, Vitamin C, which is an antioxidant, and proteins for smoother, softer skin), strawberry (rich in polyphenols and Vitamin C), lavender oil, orange oil (antiseptic and toner, unclogs pores), lemon oil (excellent natural cleanser, astringent, antiseptic, and bactericide which is believed to be of particular benefit to people with problem skin. Believed to have the ability to stimulate white blood cells, which defend the body and fight infection. It is also believed to balance the PH level of the skin by counteracting acidity on the surface, acting as a very mild natural bleach or lightener for the skin, which enables it to brighten dull skin and calm redness. It will be marketed as helpful in areas where circulation is a problem, such as in the case of cellulite), lime oil, juniper berry (purifies and clears skin, reduces swelling), and grapefruit (purifier of congested, oily, and acne-prone skin. Will be promoted as a natural toner and rejuvenator of skin cells).

**Juicy day serum:** Contains almond oil, grape seed oil, avocado oil, kukui nut oil, castor oil, macadamia nut oil, Vitamin E, jojoba oil, and evening primrose oil (high levels of GLAS essential fatty acids, believed to be good for dry and mature skin, indicated as being effective in healing dry skin, eczema, and psoriasis), buriti oil (the word “buriti” means “tree of life” in Brazil, believed to restore moisture deprivation in sun-exposed

skin, commonly applied directly to cuts and burns, rich in Vitamin E and the richest known source of beta-carotene, believed to contain high levels of oleic and palmitic acids which are believed to help moisturize the skin and rehydrate skin cells, has emollient properties, is a free-radical scavenger, and believed to provide protective effects, including protecting fibroblast cells essential for supporting collagen and elastin), carrot oil, lavender oil, and orange oil.

**Juicy night serum:** Contains almond oil (emollient which is rich in proteins and Vitamin D), grape seed oil, avocado oil, kukui nut oil, castor oil, macadamia nut oil, Vitamin E, jojoba oil, evening primrose oil, buriti oil, carrot oil, lavender oil, orange oil, lemon oil, lime oil, juniper berry, and grapefruit.

**Sugar baby exotic body oil:** made of almond oil (known as an excellent emollient known for its ability to soften and recondition, rich in proteins and Vitamin D), grape seed oil (believed to have mildly astringent qualities to tighten and tone skin, contains linoleic acid which is believed to be important for the health of the skin as well as cell membranes, and contains proanthocyanidins which are believed to be very potent antioxidants to diminish sun damage, speed up wound healing, and lessen free radical damage), avocado oil (contains Vitamins A, B1, B2, D, E, and beta carotene, marketed as an extremely good moisturizing and nourishing compound to assist in the regeneration and rejuvenation of the skin), kukui nut oil (contains high levels of polyunsaturated fats and promoted for dry skin, psoriasis, eczema or any severe skin condition), castor oil (marketed to penetrate deep into the tissues to slowly break up scar tissue), macadamia nut oil (high in monounsaturated fatty acids and Omega 3 and Omega 6 fatty acids, which are believed to be helpful in maintaining the skin's critical water barrier functions), Vitamin E (promoted to play a crucial role in protecting skin cells and membranes from environmental damage, including preventing damage to the skin from UV rays, pollutants, and aging), jojoba oil (closely resembles the sebum of the skin and believed to be instrumental in breaking down sebum in clogged pores), carrot oil (promoted to remove toxic buildup and rich in beta-carotene and Vitamins B, C, D, and E), lime oil (promoted as an antiseptic, antiviral, disinfectant, bacterial astringent with restorative, uplifting, and revitalizing properties);

**Amber sunset after-sun lotion:** Contains avocado oil, apricot oil (marketed for dehydrated, delicate, distressed, mature, and sensitive skin; believed to help soothe inflammation; finely textured oil spreads easily and is particularly rich in both oleic and linoleic fatty acids, as well as palmitic, palmitoleic, heptadecenoic, stearic, linolenic, arachidic, and eicosenoic fatty acids; believed to act as a good general purpose emollient, and contains Vitamin A, which is believed to help increase elasticity and is used to reduce stretch marks), Vitamin E, jojoba oil, rosehip oil, buriti oil, kukui nut oil, phytokeratin, bioplex NMF, and multifruit BSC.

Through Marapharm Inc., the Issuer will re-brand, repackage, and market and sell the products under the name "Maragold". Some of the essential oils in the products will be replaced with a very high-quality hemp oil with an above-average cannabinoid content. When hemp oil is applied to the skin on a regular basis, it is believed to result in a marked improvement to conditions of dryness, eczema, and psoriasis, and it is also reputed to reduce irritation caused by rash and UV damage. It has anti-inflammatory

effects and its moisture-balancing properties are believed to help heal skin lesions. Hemp oil contains antioxidants, carotene, phytosterols, and phospholipids, as well as a number of minerals including calcium, magnesium, sulphur, potassium, iron, zinc, and vitamins A, B1, B2, B3, B6, C, D, and E. It is marketed as a highly emollient oil which leaves a non-greasy satin sheen on the skin after use, making it a wonderful massage or facial oil, or topical treatment for dry skin conditions. In addition, essential fatty acids are the skin's building blocks. About  $\frac{3}{4}$  of hemp oil's fatty acids are polyunsaturated fatty acids. When applied to the skin, this is believed to increase the skin's ability to hold moisture without leaving it feeling greasy. These essential fatty acids can help repair cell damage and as they are part of the cell membrane, they also help keep the cells fluid. This is important for maintaining the correct function of the skin.

The Issuer has identified other market sectors for product development including products for tattoo treatment (for example, an after-tattoo sterilizer and tattooed skin conditioner).

All Maragold products will be marketed to, and can be used by, both men and women.

### *Marketing of Maragold Products*

The products will be marketed online directly to end-users, with an automatic option to re-order using a credit card. Maragold will be available as a wholesale item to retail outlets. A number of celebrities, through Marapharm Inc.'s partnership with Dena Barabash at DDI, have agreed to try the product and if satisfied, to endorse it, as well as promote it on their social media. One of these celebrities has 1.5 million Facebook followers.

### *Beauty Product Market*

The cosmetics and body care product market is a \$2 billion dollar industry in Canada and continues to grow each year. Baby boomers, confronting their age and many in retirement, have more time for research, and are becoming educated and informed, resulting in a trend, rather a movement, toward natural healthier products. The following is a list of costs for the finished products in the beauty care line with no label or freight costs added, the retail price for the products, and current market costs for similar products in the market:

<b>Product</b>	<b>Size</b>	<b>Cost</b>	<b>Retail price</b>	<b>Competitive retail product</b>
Satsuma daily facial cleanser	100 ml	\$2.41	\$10.00	\$14.00 to \$20.00
Bewitched toning elixir (day)	100 ml	\$2.82	\$12.00	\$14.00 to \$20.00
Bewitched toning elixir (night)	100 ml	\$2.74	\$11.50	\$8.00 to \$12.00
Juicy day	50 ml	\$2.55	\$20.00	\$25.00 to

serum				\$40.00
Juicy night serum	50 ml	\$2.57	\$20.00	\$25.00 to \$40.00
Sugar baby exotic body oil	100 ml	\$3.35	\$14.00	\$15.00 to \$40.00
Amber sunset after-sun oil	100 ml	\$4.56	\$19.00	\$22.00 to \$30.00
Illustrious hot oil treatment	25 ml	\$1.36	\$6.00	\$8.00 to \$10.00
Illustrious shampoo	1,000 ml	\$11.46	\$47.00	\$20.00 to \$45.00
Illustrious shampoo	500 ml	\$5.92	\$24.00	\$14.00 to \$25.00
Illustrious shampoo	60 ml	\$0.84	\$4.00	\$3.00 to \$5.00
Illustrious conditioner	1,000 ml	\$8.41	\$35.00	\$20.00 to \$40.00
Illustrious conditioner	500 ml	\$4.39	\$18.00	\$14.00 to \$20.00
Illustrious conditioner	60 ml	\$0.67	\$4.00	\$3.00 to \$5.00
Illustrious leave-in conditioner	250 ml	\$3.07	\$14.00	\$12.00 to \$16.00

**Notes:**

- ☐ Shipping will paid for by the customer at time of order.
- ☐ Cost of product was increased slightly to allow for new labelling.
- ☐ Retail price is 400% mark up and will be adjusted to follow market trends.
- ☐ Market prices were arrived at by meeting with a consultant who has spent years in the cosmetic industry (in both hair and body products) and is currently still in the cosmetics retail industry. The pricing was established at mid-point of the market. There is an upper end market, particularly for serums, where the same product can reach \$140-160 for 50 ml. In her opinion, and experience, the price point for most shoppers is \$25.00. Anything too low makes buyers feel it is a substandard product and too high puts it out of the reach of everyday consumers and reduces the opportunity for continued use.

**Projections**

**Costs**

These costs reflect no existing clients and no existing inventory.

Labelling and packaging	\$40,000.00
Raw materials	\$65,000.00
Rent (6 months)	\$ 4,200.00
Salaries (6 months)	\$48,000.00
Endorsements /PR	<u>\$32,000.00</u>

\$189,200.00

### Income

The Issuer's marketing will largely be based on the use of social media and the recommended use of the product by celebrities. The Issuer, through Marapharm Inc., has tentative agreements with three celebrities to endorse the product and promote it through their social media pages. There is a combined total of approximately 2,500,000 Facebook followers. It is routine to expect a 3% purchase response to an endorsed product through social media, as follows:  $2,500,000 \times 3\% = 75,000$  responders @ min sale \$10.00 = \$750,000.00

Marapharm Inc.'s test market had a response of 85% desiring continued use, which will likely result in re-orders after 3 months = \$637,500.00

Based on the foregoing data, the Issuer's sales projections for the next six months is \$1,387,500.00.

4.2 The Issuer does not have any asset-backed securities outstanding.

4.3 The Issuer does not have any mineral projects.

4.4 The Issuer does not conduct any oil and gas operations.

### 5. Selected Consolidated Financial Information

5.1 The following information is given for the fiscal years ended March 31, 2014, March 31, 2013, and March 31, 2012:

Financial Year Ended	2014 \$	2013 \$	2012 \$
Net sales or total revenue	Nil	Nil	Nil
Loss before other income	(56,558)	(52,096)	Nil
Earnings (loss) per share – basic and diluted	0.01	(52,096)	Nil
Net income (loss) and comprehensive income (loss)	30,280	(52,096)	Nil
Total assets	Nil	Nil	Nil
Total long term financial liabilities	Nil	Nil	Nil
Cash dividends declared – per share	Nil	Nil	Nil

As the Issuer has not had any revenue from operations, the following additional information is provided as a breakdown of general and administrative expenses for the period for the years ended March 31, 2014, March 31, 2013, and March 31, 2012 and for the nine months ended December 31, 2014.





Income/ (Loss)									
- Total	(32,701	2,302	30,280	(90,404	78,404)	(12,000	(52,096	(51,840	(27,840
- Per	)	Nil	0.01	)	(12,000	)	)	)	)
share	(0.00)			(12,000	)	(12,000	(52,096	(12,000	(12,000
diluted				)		)	)	)	)

- 5.3 There are no restrictions on the Issuer's ability to pay dividends. The Issuer has not paid dividends in the past, and has no present intention of paying dividends in the future.
- 5.4 The Issuer's primary financial statements have not been prepared using foreign GAAP and the Issuer is not required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements.

## 6. Management's Discussion and Analysis

### **Annual MD&A**

Please refer below to the attached management's discussion and analysis for the year ended March 31, 2014.

**MARAPHARM VENTURES INC.  
(formerly Capital Auction Market Inc.)  
(the "Company")**

**FORM 51-102F1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED MARCH 31, 2014**

The following Management's Discussion and Analysis ("MD&A") as of September 4, 2014 should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2014 and accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

The Company's board of directors follow recommended corporate guidelines for public companies to ensure transparency and accountability to shareholders. The board of directors meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from time these statements.

Additional information related to the Company is available for view on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## DESCRIPTION OF BUSINESS

The Company has been inactive since it was incorporated on April 24, 2007 until March 2012 when it entered into a Plan of Arrangement with its parent company, Whitewater Resources Ltd, and others subsidiaries of Whitewater Resources Ltd. The Company is currently seeking business opportunities in the medical marijuana production industry. On August 6, 2014, the Company was the subject of a Cease Trade Order by the British Columbia Securities Commission which is still in effect.

It is the intention of the Company to have the British Columbia Securities Commission revoke the Cease Trade Order upon the filing of this MD&A and the March 31, 2014 audited financial statements as well as the June 30, 2014 unaudited financial statements and related MD&A. There is no assurance that the Company will be successful in its application to the British Columbia Securities Commission for a revocation of the Cease Trade Order.

On July 8, 2014, Anne O' Fee and Gregg Anthony Alfonso resigned as directors and officers of the Company and were replaced by Les Kjosness, Corey Klassen and James MacDonald.

It is the intention of management to continue in establishing an active business. The Company will seek a listing of the Company's shares on the Canadian Stock Exchange ("CSE"). In order for the Company to list its shares on the CSE the Company must have a minimum of \$100,000 in working capital as a general requirement of the CSE. As well, the Company will need to acquire or develop a business opportunity that meets the requirements of the CSE to allow its shares to be listed on the CSE. There is no assurance the Company will acquire such a business opportunity or that it will be successful in obtaining a business opportunity that meets the listing requirements of the CSE. There is no assurance that the Company will be able to list its shares on the CSE.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended March 31:

	2014 \$	2013 \$	2012 \$
Total assets	—	—	—
Net income (loss)	30,280	(52,096)	—
Net (income) loss per share, basic and diluted	0.01	(52,096)	—

This fiscal year includes a gain on settlement of related party debt of \$86,838. Otherwise, the Company's expenses include management fees, professional fees, and transfer agent fees relating to maintaining its reporting issuer status and searching for a suitable business opportunity.

## RESULTS OF OPERATIONS

For the year ended March 31, 2014, the Company had net income of \$30,280 compared to a net loss of \$52,096 for the year ended March 31, 2013.

## SUMMARY OF QUARTERLY RESULTS

	March 31, 2014 \$	December 31, 2013 \$	September 30, 2013 \$	June 30, 2013 \$
Total revenues	—	—	—	—
Net (income) loss	66,621	(12,000)	(12,000)	(12,341)
Net income (loss) per share, basic and diluted	0.01	—	—	—

	March 31, 2013 \$	December 31, 2012 \$	September 30, 2012 \$	June 30, 2012 \$
Total revenues	—	—	—	—
Net loss	(12,000)	(12,000)	(12,000)	(16,096)
Net loss per share, basic and diluted	(12,000)	(12,000)	(12,000)	(16,096)

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2014 and 2013, the Company had no assets and had a working capital deficit of \$24,120 and \$54,403, respectively.

During the year ended March 31, 2014, the Company completed the roll-out of its shares to the shareholders of Whitewater Resources Ltd. to complete its obligations under the Plan of Arrangement. The Company is now a separate company and is no longer a subsidiary of Whitewater Resources Ltd. The Company issued 14,403,698 shares under the Plan of Arrangement and cancelled the one share that had been issued to Whitewater Resources Ltd. The Company has not raised any funds through equity financings. It may be difficult for the Company to raise sufficient funds to finance any business opportunity or any budget for the establishment of a business that the Company may acquire or develop.

On May 3, 2014, the Company settled \$12,000 in debt to the former President of the and the spouse of the former President of the Company by issuing 600,000 shares.

The Company is entirely dependent on raising equity capital to carry on its business operations. It has no cash on hand as of the date of this MD&A. There is no guarantee that the Company will be able to raise the equity capital required to funds its ongoing operations

The Company's ability to generate sufficient amounts of cash, in the short term and the long term, to fund future operations or future business development activities depends on its ability to raise capital. There is no certainty that the Company will be able to raise such funds.

There are no fluctuations in the company's liquidity for analysis due to its long period of inactivity. The Company will be seeking new business opportunities and a revocation of the BC Securities Commission Cease Trade Order. There is no assurance that the Company will be successful in having this order revoked or finding suitable business opportunities.

Current working capital requirements are limited to day to day administrative expenses, including professional fees, continuous disclosure, regulatory submissions for approval to remove the Cease Trade Order and until such time as the Company is permitted to raise funds for business acquisition or development expenses.

There are no financial instruments with any associated liquidity risks held by the Company;

The Company has a working capital deficiency and currently has no fixed payment contracts with management, personnel, landlords or any other party and accordingly is capable of operating with very little working capital needs. The Company intends to raise funds through a private placement of its shares as soon as it is able to have the Cease Trade Order revoked.

There are no liabilities on the balance sheet that have already been settled, cancelled or agreed to be converted to equity other than as set out herein. The Company has no income or cash flow items that may affect the Company's liquidity.

The Company has no defaults or arrears or significant risk of defaults or arrears on (i) dividend payments, lease payments, interest or principal payment on debt; (ii) debt covenants; and (iii) redemption or retraction or sinking fund payments.

The Company has no long term debt, no capital lease obligations, no operating leases, no purchase obligations or other long term obligations.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

- (a) As at March 31, 2014, the Company owed \$4,000 (2013 - \$44,000) to the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at March 31, 2014, the Company owed \$15,691 (2013 - \$10,403) to the majority shareholder and spouse of the former President of the Company which is non-interest bearing, unsecured, and due on demand.
- (c) During the year ended March 31, 2014, the Company incurred \$4,000 (2013 - \$44,000) to the former President of the Company for management fees.
- (d) During the year ended March 31, 2014, the Company incurred \$44,000 (2013 - \$nil) to the majority shareholder and spouse of the former President of the Company for management fees.
- (e) On February 4, 2014, the Company issued 4,400,000 shares with a fair value of \$1 to settle debt of \$44,000 owed to the former President of the Company. This resulted in a gain on settlement of debt of \$43,999.
- (f) On February 4, 2014, the Company issued 4,284,000 shares with a fair value of \$1 to settle debt of \$42,840 owed to the majority shareholder and spouse of the President of the Company. This resulted in a gain on settlement of debt of \$42,839.

- (g) On February 12, 2014, the Company issued 14,403,698 shares with a fair value of \$1 to the shareholders of Whitewater Resources Inc. pursuant to the Plan of Arrangement, of which 12,788,400 share were issued to the spouse of the former President of the Company.

#### **FOURTH QUARTER**

The Company was continuing with seeking to establish a business during the fourth quarter ended March 31, 2014.

#### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been previously disclosed.

#### **FINANCIAL INSTRUMENTS**

##### **(a) Fair Values**

The fair value of financial instruments, which includes accounts payable, approximate its carrying values due to the relatively short-term maturity of these instruments.

##### **(b) Credit Risk**

The Company is not exposed to any credit risk.

##### **(c) Interest Rate Risk**

The Company is not exposed to any significant interest rate risk.

##### **(d) Foreign Exchange Rate Risk**

The Company is not exposed to any significant foreign exchange rate risk.

##### **(e) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company will settle its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

#### **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2014, and have not been applied in preparing these financial statements.

Amendments to IFRS 2, "Share-based Payment"

Amendments to IFRS 8, "Operating Segments"

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 13, "Fair Value Measurement"

Amendments to IAS16, "Property, Plant and Equipment"

Amendments to IAS 24, "Related Party Disclosures"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited financial statements for the year ended March 31, 2014 to which this MD&A relates.

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

#### **Share Capital**

As at September 4, 2014, the Company had 23,687,698 shares issued and outstanding.

#### **Share Purchase Warrants and Stock Options**

As at September 4, 2014, the Company has no share purchase warrants or stock options outstanding.

### **SUBSEQUENT EVENTS**

- (a) On May 3, 2014, the Company issued 300,000 shares to settle debt of \$6,000 owed to the former President of the Company.
- (b) On May 3, 2014, the Company issued 300,000 shares to settle debt of \$6,000 owed to the majority shareholder and spouse of the former President of the Company.
- (c) On August 1, 2014, the Company changed its name to Marapharm Ventures Inc.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS**

The Company's management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality,



reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Issuer files the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

## **ADDITIONAL INFORMATION**

Additional information related to the Company is available for view on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Further information about the Plan of Arrangement can be viewed on [www.sedar.com](http://www.sedar.com) under Whitewater Resources Ltd.'s information circular for its meeting held April 19, 2012.

## **Interim MD&A**

Please refer below to the management's discussion and analysis for the nine months ended December 31, 2014.

## **MARAPHARM VENTURES INC. (formerly Capital Auction Market Inc.)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2014**

This Management's Discussion and Analysis ("MD&A") reviews the activities of Marapharm Ventures Inc. ("Marapharm", or the "Company") and compares the financial results for the nine month period ended December 31, 2014 (the "third quarter 2015") with the comparable periods in 2014 (the "third quarter 2014"). This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the recently completed quarter and the MD&As for all relevant periods, which has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), copies of which are filed under the Company's profile on the SEDAR website, [www.sedar.com](http://www.sedar.com). The Company's reporting currency is Canadian dollars unless otherwise stated. The following information was prepared by management in accordance with the requirements under National Instrument ("NI") 51-102 as at February 24, 2015 (the "report date") and has been approved by the Company's board of directors for release.

## DESCRIPTION OF BUSINESS

The Company had been inactive since it was incorporated on April 24, 2007 until March 2012 when it entered into a Plan of Arrangement with its parent company, Whitewater Resources Ltd, and others subsidiaries of Whitewater Resources Ltd. On December 23, 2014, the Company acquired Marapharm Inc. a business with an application with Health Canada for a license to produce medical marijuana. On August 6, 2014, the Company was the subject of a Cease Trade Order by the British Columbia Securities Commission which was lifted on October 7, 2014.

The Company plans to seek a listing of the Company's shares on the Canadian Stock Exchange ("CSE"). In order for the Company to list its shares on the CSE the Company must have a minimum of \$100,000 in working capital as a general requirement of the CSE. As well, the Company will need to acquire or develop a business opportunity that meets the requirements of the CSE to allow its shares to be listed on the CSE. There is no assurance the Company's new business acquisition will meet the listing requirements of the CSE. There is no assurance that the Company will be able to list its shares on the CSE.

## SELECTED ANNUAL INFORMATION

	Year ended March 31, 2014 \$	Year ended March 31, 2013 \$	Year ended March 31, 2012 \$
<b>Financial results:</b>			
Net income / (loss) for the year	30,280	(52,096)	-
Basic and diluted loss per share	0.01	(52,096)	-
<b>Balance sheet data:</b>			
Cash	-	-	-
Total assets	-	-	-
Long-term financial liabilities	-	-	-
Shareholders' equity	(24,120)	(54,403)	(2,308)

This fiscal year includes a gain on settlement of related party debt of \$86,838. Otherwise, the Company's expenses include management fees, professional fees, and

transfer agent fees relating to maintaining its reporting issuer status and searching for a suitable business opportunity.

## RESULTS OF OPERATIONS – QUARTER

The Company posted a \$58,680 loss for the quarter. The major costs for the period were consulting fees of \$6,000, investor relations of \$22,955, management fees of \$6,000, legal and audit fees of \$14,335 and rent of \$6,000. The costs for these items in the same period in the previous year were \$12,000. This increase is due to the Company ramping up to acquire an active business.

## RESULTS OF OPERATIONS – YEAR TO DATE

The Company posted a \$89,079 loss for the nine months ended after taking into account the gain on settlement of related party debt of \$11,998. The major costs for the nine months were consulting fees of \$12,000, management compensation of \$14,000, legal and audit fees of \$29,336, rent of \$12,000 and investor relations of \$22,955. The costs for these items in the same period in the previous year were \$36,000 which were all management compensation. This increase is due to the Company ramping up to acquire an active business.

## SUMMARY OF QUARTERLY RESULTS

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Financial results:				
Net income / (loss) for period	(58,680)	(32,701)	2,302	66,621
Basic and diluted income / (loss) per share	-	-	-	0.01
Balance sheet data:				
Cash	688,859	-	-	-
Total assets	3,242,613	-	-	-
Long-term financial liabilities	-	-	-	-
Shareholders' equity	3,187,468	(28,942)	(21,816)	(24,120)
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Financial results:				
Net income / (loss) for period	(12,000)	(12,000)	(12,341)	(12,000)
Basic and diluted income / (loss) per share	-	-	(12,341)	(12,000)
Balance sheet data:				
Cash	-	-	-	-
Total assets	-	-	-	-
Long-term financial liabilities	-	-	-	-
Shareholders' equity	90,403	(78,403)	(66,403)	(54,403)

## **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2014 had \$3,242,613 in assets (March 31, 2014 – nil) and had working capital of \$634,453, (March 31, 2014 – deficit of \$24,120).

The Company has raised \$828,500 through an equity financing in November 2014.

The Company is entirely dependent on raising equity capital to carry on its business operations. It has \$468,800 cash on hand as of the date of this MD&A. There is no guarantee that the Company will be able to raise the equity capital required to funds its ongoing operations

The Company's liquidity for analysis has increased substantially due to its financing and increased activity from its start of a commercial venture in the medical marijuana business.

Current working capital is sufficient for its requirements on day to day administrative expenses, including professional fees, continuous disclosure, and regulatory fees.

There are no financial instruments with any associated liquidity risks held by the Company.

The Company has no fixed payment contracts with management, personnel, landlords or any other party and accordingly is capable of operating with very little working capital needs. The Company raised \$828,500 through a private placement of its shares as announced on October 20, 2014 and closed on November 7, 2014.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

- (h) As at December 31, 2014, the Company owed \$Nil (March 31, 2014 - \$4,000) to the President of the Company, which is non-interest bearing, unsecured, and due on demand.
- (i) As at December 31, 2014, the Company owed \$25,575 (March 31, 2014 - \$15,691) to the majority shareholder of the Company, which is non-interest bearing, unsecured, and due on demand.
- (j) During the nine months ended December 31, 2014, the Company incurred \$6,000 (2013 - \$nil) to the President of the Company, for management fees.
- (k) During the nine months ended December 31, 2014, the Company incurred \$Nil (2013 - \$36,000) to the majority shareholder and spouse of the President of the Company, for management fees.

- (l) On May 3, 2014, the Company agreed to issue 300,000 shares with a fair value of \$1 to settle debt of \$6,000 owed the President of the Company, pursuant to a settlement agreement. This resulted in a gain on settlement of debt of \$5,999.
- (m) On May 3, 2014, the Company agreed to issue 300,000 shares with a fair value of \$1 to settle debt of \$6,000 owed to the majority shareholder and spouse of the President of the Company, pursuant to a settlement agreement. This resulted in a gain on settlement of debt of \$5,999.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been previously disclosed.

## **FINANCIAL AND OTHER INSTRUMENTS**

### **(f) Fair Values**

The fair value of financial instruments, which includes accounts payable, approximate its carrying values due to the relatively short-term maturity of these instruments.

### **(g) Credit Risk**

The Company is not exposed to any credit risk.

### **(h) Interest Rate Risk**

The Company is not exposed to any significant interest rate risk.

### **(i) Foreign Exchange Rate Risk**

The Company is not exposed to any significant foreign exchange rate risk.

### **(j) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company will settle its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

## **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended December 31, 2014, and have not been applied in preparing these financial statements.

Amendments to IFRS 2, "Share-based Payment"

Amendments to IFRS 8, "Operating Segments"

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 13, "Fair Value Measurement"

Amendments to IAS16, "Property, Plant and Equipment"

## Amendments to IAS 24, "Related Party Disclosures"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **OUTSTANDING SHARE DATA**

### **Share Capital**

As at February 24, 2015, the Company had 35,348,698 shares issued and outstanding.

### **Share Purchase Warrants and Stock Options**

As at February 24, 2015, the Company has \$11,657,000 share purchase warrants with an exercise price of \$0.75 per share outstanding.

## **COMMITMENTS**

The Company has no commitments.

## **SUBSEQUENT EVENT**

On February 3, 2015, the Company announced the release of the remaining 5,059,670 units to complete the purchase of Marapharm Inc.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

The Company's board of directors follow recommended corporate guidelines for public companies to ensure transparency and accountability to shareholders. The board of directors meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The Company's management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Issuer files the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

### **ADDITIONAL INFORMATION**

Additional information related to the Company is available for view on the SEDAR website at [www.sedar.com](http://www.sedar.com). Further information about the Plan of Arrangement can be viewed on [www.sedar.com](http://www.sedar.com) under Whitewater Resources Ltd.'s Information Circular for its meeting held on April 19, 2012.

### **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning the Company's expectations for: the Company's current financial resources being sufficient to fund operations; and the Company's ability to obtain additional funds through the sale of equity.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks,

uncertainties and other factors including: changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

## 7. Market for Securities

The Issuer's common shares are not listed and posted for trading on any stock exchange.

## 8. Consolidated Capitalization

Since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement, the Issuer has issued 1,656,000 units at \$0.50 per unit (each unit consisting of one common share and one common share purchase warrant exercisable at \$0.75 for a period of one year) for gross proceeds of \$828,000 from a non-brokered private placement and 10,040,000 units to shareholders of Marapharm Inc. at a deemed price of \$0.50 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at \$0.75 per share for a period of one year, pursuant to the terms of a share exchange between Marapharm Ventures Inc. and Marapharm Inc.

The following table summarizes changes in the Issuer's capitalization since March 31, 2014 and the anticipated changes to the Issuer's capitalization upon closing of the transactions described in this Listing Statement.

Description	Outstanding as at March 31, 2014 <sup>(1)</sup>	Outstanding as at December 31, 2014	To be issued pursuant to the acquisition of Marapharm Inc.	Issued pursuant to a non-brokered private placement (issued prior to December 31, 2014)	Outstanding upon Closing
Common Shares	23,087,698	30,289,028 (includes 4,980,330 units issued)	5,059,670 units, each unit consisting of one	1,656,000 units, each unit consisting of one	35,348,698



		pursuant to the acquisition of Marapharm Inc.)	common share and one common share purchase warrant	common share and one common share purchase warrant	
Warrants (10,040,000 exercisable at \$0.75 for one year) (1,656,000 exercisable at \$0.75 for one year)	0	11,696,000 <sup>(1)</sup>	10,040,000	1,656,000	11,696,000
Stock Options	0	2,000,000	0	0	2,000,000

#### 9. Options to Purchase Securities

The Issuer has implemented a stock option plan pursuant to which options are granted to directors, employees, consultants and certain other service providers. The Issuer's stock option plan is a 10% rolling stock option plan to govern the future grant, from time to time, of options to purchase common shares in the capital stock of the company to eligible recipients.

The following stock options were authorized for grant by the directors of the Issuer but have not yet been granted pending a listing of the Issuer's common shares on the Canadian Securities Exchange:

<u>Name</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Date of Grant</u>	<u>Expiry Date</u>
Les Kjosness	500,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Brian Lovig	500,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Brian Peterson	300,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Corey Klassen	300,000	\$0.50	Date that the Issuer's shares	Two years from the date of grant

<u>Name</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Date of Grant</u>	<u>Expiry Date</u>
			start trading on the CSE	
Linda Sampson	300,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Kirsti Mattson	50,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Janet Horbulyk	50,000	\$0.50	Date that the Issuer's shares start trading on the CSE	Two years from the date of grant
Total	2,000,000			

See "10% Rolling Stock Option Plan" under the heading "Information Concerning the Issuer" herein for particulars regarding the Plan.

In addition to the options listed above, the Issuer has 11,696,000 share purchase warrants outstanding, as set out in the table below:

<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
10,040,000	\$0.75	4,980,330 warrants expire on December 9, 2015 and 5,059,670 warrants expire on January 19, 2016
1,656,000	\$0.75	November 7, 2015

## 10. Description of the Securities

### Common Shares

The Issuer has an authorized capital consisting of an unlimited number of common shares (the "Common Shares") without par value. As of the date of this Listing Statement, 35,348,698 common shares are issued and outstanding, including Common Shares that have been escrowed.

Holders of Common Shares are entitled to one vote per Common Share at all meetings of shareholders. None of the Common Shares have any special rights or restrictions attached to them and all rank *pari passu*, each with the other. All of the Common Shares, when issued, are issued as fully paid shares.

### **Prior Sales**

At December 31, 2013, the Issuer had a working capital deficiency of \$86,840. In order to reduce its working capital deficiency, the Issuer entered into a debt settlement agreement dated February 15, 2014, with a former director, Patrica Anne O'Fee, to settle \$44,000 in management fees owing to Ms. O'Fee, and with a former director, Douglas Welder, to settle the sum of \$42,840, representing legal fees owing by the Issuer for its portion of the legal fees related to the plan of arrangement with Whitewater Resources Ltd. The Issuer issued an aggregate of 8,684,000 common shares (4,284,000 common shares to Douglas Welder and 4,400,00 common shares to Patricia Anne O'Fee) at a deemed price of \$0.01 per share to settle this debt. On May 2, 2014, the Issuer entered into a debt settlement agreement with former directors Douglas Welder and Patrica Anne O'Fee to settle the sum of \$12,000 (\$6,000 to each former director) in outstanding indebtedness, representing management fees owing by the Issuer, through the issuance of 600,000 common shares (300,000 common shares to each former director) of the Issuer at a deemed price of \$0.02 per share. On May 10, 2014, the former principals of the Issuer, Douglas Welder, Patricia Anne O'Fee, and Gregg Alfonso, entered into a share sale agreement with Pinto Ventures Ltd., as principal on behalf of 92 individuals, for the acquisition of 22,272,400 common shares held by the former principals of the Issuer by the purchasers at a deemed price of \$0.01 per share and, subsequently, the purchase of an additional 600,000 common shares held by the principals at a deemed price of \$0.02 per share.

As at the date of this Listing Statement, the Issuer has 35,348,698 common shares issued and outstanding. The following table sets out the Issuer's share sales since the Issuer's inception and to the date hereof.

<b>No. of Common Shares issued</b>	<b>Total Price</b>	<b>Reason for Issue and Month Common Shares Issued</b>
815,298 @ \$nil	\$Nil	Plan of arrangement with Whitewater Resources Ltd. and distribution of shares in August 2013
22,872,400 @ \$0.02	\$457,448	Acquisition of common shares of the Issuer held by certain shareholders
1,656,000 @ \$0.50	\$828,000	Private placement (not including finder's fee of 3,000 shares paid to two parties, of which 1,000 shares were issued to one party and 2,000 shares were issued to another party)
4,980,330 @ \$0.50 on December 9, 2014	\$2,490,165	Acquisition of Marapharm Inc.
5,059,670 @ \$0.50 on January 19, 2015	\$2,529,835	Acquisition of Marapharm Inc.
<b>TOTALS:</b>	<b>\$6,305,448</b>	

### *Stock Exchange Price*

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

### 11. Escrowed Securities

- 11.1 The only shares that are currently subject to escrow restrictions are 300,000 common shares of the Issuer, the details of which are given in item 5.

Name and Municipality of Residence of Securityholder	Designation Of Class	No. of securities Held in Escrow	Percentage of Class
Les Kjosness Vancouver, B.C.	Common	100,000	0.29%
Corey Klassen Calgary, Alberta	Common	100,000	0.29%
Brian Peterson Kelowna, B.C.	Common	100,000	0.29%

## 12. Principal Shareholders

- 12.1 As of the date of this Listing Statement, to the best of the knowledge of the Issuer, no persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to all of the outstanding common shares of the Issuer.

## 13. Directors and Officers

- 13.1 Set out below are the names, municipalities of residence, positions to be held with the Issuer, principal occupation during the last five years, security holdings and percentage owned concurrently with the completion of the Acquisition and the concurrent issuance of shares described above and the transfers of escrowed and option shares described above, of the persons who will be the directors and officers of the Issuer following the completion of all such events:

<b>Name and Municipality of Residence</b>	<b>Position and Period of Service</b>	<b>Principal Occupation for the past five years</b>	<b>Number and Percentage of Shares Outstanding Immediately Following Completion of the Acquisition</b>
Les Kjosness* Vancouver, B.C.	President, CEO and Director  July 8, 2014 to present	Business Executive working in Venture capital since 2001; President, Golden Arch Res. Ltd.	100,000 shares, 100,000 warrants, and 500,000 stock options
Corey Klassen* Calgary, Alberta	Chief Financial Officer and Director  July 8, 2014 to present	Mortgage Broker	100,000 shares, 100,000 warrants, and 300,000 stock options

Brian Peterson* Kelowna, B.C.	Director and Corporate Secretary  September 25, 2014 to present	Mortgage broker	100,000 shares, 100,000 warrants, and 300,000 stock options

\* Member of audit committee.

As a group, the directors and executive officers of the Issuer beneficially own, directly or indirectly, or exercise control or direction over 300,000 voting securities of the Issuer, representing 0.86% of the issued and outstanding shares of the Issuer, and incentive stock options exercisable into 1,100,000 common shares of the Issuer.

#### *Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

On November 4, 2013, a cease trade order for failure to file audited and interim financial statements was issued by the British Columbia Securities Commission against Armadillo Resources Ltd., ("Armadillo") a company listed on the Canadian Securities Exchange, of which Les Kjosness, the President, CEO, and a director of the Issuer was the President, CEO, and a director of Armadillo and Corey Klassen, the CFO and a director of the Issuer, was the CFO and a director of Armadillo. The cease trade order is still in effect.

Mr. Brian Peterson, a director of the Issuer, was a director of Miramare Capital Inc. from June 2010 to November 2013, the shares of which had been cease traded prior to his appointment and remain cease traded by the British Columbia Securities Commission since February 10, 2009 and by the Alberta Securities Commission since May 29, 2009, for failure to file annual financial statements. Mr. Peterson was a director of Aztek Resource Development Inc., from December 7, 2011 to December 3, 2013, the shares of which have been cease traded prior to his appointment and remain cease traded since May 28, 2007 by the British Columbia Securities Commission, since May 30, 2007 by the Ontario Securities Commission, and since December 20, 2002 by the Alberta Securities Commission, for failure to file its financial statements. Mr. Peterson became a director of Aztek Resource Development Inc. after the cease trade order was issued as part of a reorganization plan. Mr. Peterson is a director of Sor Baroot Resources Corp., which is subject to a cease trade order issued by the British Columbia Securities Commission on August 6, 2014 for failure to file audited financial statements for the fiscal period ending March 31, 2014. The cease trade order was revoked on October 30, 2014.

Except as disclosed above, no current or proposed director or executive officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe

the basis on which the order was made and whether the order is still in effect;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No current or proposed director or executive officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

No current or proposed director or executive officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **Conflicts of Interest**

There are no existing or potential material conflicts of interest between the Issuer and a proposed director, officer or promoter of the Issuer following completion of the Acquisition.

Insofar as certain of the proposed directors of the Issuer also serve as directors of other companies, it is likely that certain opportunities may be offered exclusively to such other companies, or to both the Issuer and to such other companies and further, that those other companies may participate in the same opportunities in which the Issuer has an interest.

In exercising their powers and performing their functions, the proposed directors are required to act honestly and in good faith and in the best interests of the Issuer, and to exercise the care, due diligence and skill of a reasonably prudent person.

Every proposed director who is, in any way, directly or indirectly interested in a proposed contract or transaction with the Issuer, must disclose the nature and extent of his interest at a meeting of the directors. Every such proposed director must account to the Issuer for any profit made as a consequence of the Issuer entering into or performing the proposed contract or transaction, unless he discloses his interest, and after his disclosure, the proposed contract or transaction is approved by the directors and he abstains from voting on the approval of the proposed contract or transaction.

### **Directors and Management of the Issuer**

Management, following the completion of the Acquisition, will be comprised of the then directors. None of them will be providing their services to the Issuer as an employee or under a written contract and will perform their services as independent contractors. It is not proposed that any of the directors will enter into any non-competition or non-disclosure agreements with the Issuer, and no such agreement exist between any of them and the Issuer. With respect to the four persons and the services they will provide the following additional information provided:

- (a) Les Kjosness will be a director and the President and Chief Executive Officer of the Issuer. It is anticipated that depending on the activities of the Issuer and the resulting requirements, Mr. Kjosness will devote approximately 100% of his time to fulfilling his duties with the Issuer.

Mr. Kjosness' principal occupation during the past five years has been as its President and Chief Executive Officer, managing the affairs of Golden Arch Resources Ltd. of 411 – 470 Granville Street, Vancouver, B.C., the shares of which are listed for trading on the TSX Venture Exchange. Mr. Kjosness is the President and CEO of Armadillo Resources Ltd. As such, Mr. Kjosness is well experienced in managing mineral exploration in B.C. and administering publicly listed companies. Mr. Kjosness also provides the Issuer with more than 25 years of experience in investor relations, corporate communications, and media. Mr. Kjosness will be responsible for overseeing the ongoing development of the Issuer's website, investor communications program, and informational services.

- (b) Corey Klassen will be a director and Chief Financial Officer of the Issuer. It is anticipated that, depending on the activities of the Issuer and the resulting requirements, Mr. Klassen will devote approximately 50% of his time to fulfilling his duties with the Issuer.

Mr. Klassen is a mortgage broker and has been employed for more than the past 10 years as a mortgage broker and business development officer with various Canadian financial institutions. During the past 5 years, Mr. Klassen has held various positions, working in offices in Saskatoon, Saskatchewan and Calgary, Alberta. Mr. Klassen also has a strong finance background and for the past 20 years has been focused on business development management for Canadian financial institutions, mortgage brokerage firms, and publicly traded junior exploration companies. As the owner of a successful mortgage brokerage firm,

Mr. Klassen was recently recognized as one of the top 75 brokers in Canada by CMP Magazine and nominated for best new brokerage in Canada. Mr. Klassen is a long-standing member of the CAAMP and continues to be a director of two publicly traded companies.

- (c) Brian Peterson is the Corporate Secretary and a director of the Issuer and brings his extensive experience to the Issuer as the current chairman of Community Western Trust Corporation, President of Dominion Lending Centre Okanagan, a large brokerage firm located in Kelowna, British Columbia, President of the Mortgage Brokers Institute of British Columbia, and as an accredited mortgage professional with the Canadian Institute of Mortgage Brokers and Lenders. Mr. Peterson earned a Bachelor of Arts degree in Economics at the University of Victoria and an Urban Land Economics diploma at the University of British Columbia. His past accreditations include: former fellow of the Real Estate Institute of Canada, member of the professional division of the Real Estate Institute of British Columbia, past director of the Mortgage Brokers Association of British Columbia, past president of the Mortgage Brokers Association of British Columbia.
- (d) Linda Sampson, Marapharm Inc. will be a director and the President of Marapharm Inc. It is anticipated that, depending on the activities of the Issuer and the resulting requirements. Ms. Sampson will devote approximately 100% of her time to fulfilling her duties with the Issuer.

Ms. Sampson is an international marketing and sales professional, having practiced in South Africa, Europe, the United States, and Canada. She brings dynamic energy, a wealth of talent, and a multi-layered business expertise to the Issuer. She is a business start-up professional, with a history of startup companies to successful ventures. She has superior business branding skills, internal administrative talents, and is an accomplished author, designer, realtor, and consultant. She offers the Issuer world-class expertise and a personal history of study and familiarity with the medical marijuana business.

- (e) Dr. Markus Heinrichs, Quality Assurance, is currently an associate professor at Okanagan University College. He has been a faculty member at Simon Fraser University, the University of British Columbia Okanagan, the University of the Fraser Valley, Kwantlen College, and Selkirk College, in addition to lecturing at Technische Universitat Munchen, and at the Climate Impacts Research Centre. Dr. Heinrichs completed his Ph.D at the University of Victoria.
- (f) Jason Lorensen, Head Grower, has constructed nine medical marijuana facilities from the ground up, and has been involved at every level of their development. Additionally, Mr. Lorensen has created and designed growing systems capable of producing more than 2 lbs per light, cloning systems with a 98% success rate, as well as a manicuring system that uses a commercial-grade trimmer to produce an excellent final product. While working in his capacity as a production manager at B.C. Bud Depot, Mr. Lorensen facilitated “transparency tours”, allowing community leaders, the Royal Canadian Mounted Police, and government leaders to tour their facility in order to promote good dialogue with these departments. During his time at the facility, the facility was featured in two magazines, High Times and Skunk Magazine, and in a documentary titled “The Culture High” by Adam Scorgie.



- (g) Jeannette E. Ball, C.R.C.S.T., is currently working in a sterile processing department at one of the largest hospitals in British Columbia. She is the most senior technician in this department, responsible for the sterilization of all instruments and implants used at this facility. As part of the quality assurance department, Ms. Ball has to validate and accurately document data on each piece of equipment used in the sterilization process and reports to the Ministry of Health. In 2006, Ms. Ball wrote a manual titled "Sterile Processing Department", a journal with a standard operating procedure for each duty and function within her department. This document is used as the basis for all procedures, duties, functions, and levels of sterilization performed in the department. Ms. Ball has also worked with an investigational drug program responsible for pre-clinical drug assessment, drug development, clinical trials, and GMP manufacturing. Her duties were to ensure that regulatory guidelines were complied with regarding the sterilization of equipment used in accordance with good manufacturing practices. This department followed two principles: traceability through documentation and quality built into a product, not tested into it. Ms. Ball will assist the Issuer with developing standard operating procedures.
- (h) Randy K. Kolibaba, security professional, is a results-driven senior executive with distinguished service as Superintendent of the Royal Canadian Mounted Police and the United Nations. Noted for his abilities in leadership, threat/risk assessment, vulnerability analysis, disaster planning and management, major crimes investigation, project management, strategic planning, workplace safety, employee development and change management, diversified uniform and plainclothes duty patrol and investigation, road safety and traffic law enforcement, and nationally recognized First Nations policing. Legally trained and appointed by the Federal Court of Canada as an adjudicator for the RCMP, Mr. Kolibaba has extensive command experience at the non-commissioned and commissioned officer levels. Mr. Kolibaba has received numerous awards including the Queens Diamond Jubilee medal for outstanding service to Canada in 2012, Canada 125 medal for outstanding service to Canada's First Nations people in 1994, the Canadian peacekeeping medal in 2000, the United National peacekeeping medal in Kosovo in 2000, and the RCMP long service medal. Mr. Kolibaba founded the Vernon and District Land Trust Society, a not for profit organization created to provide safe, clean, and affordable housing for low income and at-risk families.

## 14. Capitalization

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

**Issued Capital**

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully- diluted)</b>	<b>% of Issued (non- diluted)</b>	<b>% of Issued (fully diluted)</b>
<b><u>Public Float</u></b>				
Total outstanding (A)	35,348,698	49,044,698	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	6,300,000	8,300,000	17.82%	16.92%
Total Public Float (A-B)	29,048,698	40,744,698	82.18%	83.08%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	0	0	0%	0%
Total Tradeable Float (A-C)	35,348,698	49,044,698	100%	100%

Public Securityholders (Registered)

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

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	4	128
100 – 499 securities	14	4,819
500 – 999 securities	11	7,410
1,000 – 1,999 securities	55	59,043
2,000 – 2,999 securities	6	13,080
3,000 – 3,999 securities	8	24,180
4,000 – 4,999 securities	3	12,000
5,000 or more securities	244	35,228,038
		35,348,698

Public Securityholders (Beneficial)

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

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	4	1,061
500 – 999 securities	3	1,758
1,000 – 1,999 securities	4	6,666
2,000 – 2,999 securities	1	2,500
3,000 – 3,999 securities	1	3,000
4,000 – 4,999 securities	0	0
5,000 or more securities	11	5,139,407
Unable to confirm	0	0

Non-Public Securityholders (Registered)

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

**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
	0	0
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities		
5,000 or more securities	6	6,300,000

14.2 The Issuer has the following securities convertible or exchangeable into common shares, set out in the table below:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants exercisable at \$0.75 for a period of one year from the closing date of the private placement	1,656,000	1,656,000
Warrants exercisable at \$0.75 for a period of one year from the closing date of the private placement	10,040,000	10,040,000
Options exercisable at \$0.50 per share until December 12, 2016	2,000,000	2,000,000

## 15. Executive Compensation

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Issuer's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("Named Executive Officers") listed in the Summary Compensation Table that follows. During its fiscal year ended March 31, 2014, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the company.

Les Kjosness – President and CEO (since July 8, 2014)

Linda Sampson – President of Marapharm Inc. (since January 30, 2014)

Corey Klassen – Chief Financial Officer (since July 8, 2014)

The Issuer is a medical marijuana company whose assets include all of the issued and outstanding common shares of Marapharm Inc., a company with a Health Canada application and a land lease for 11 acres in Kelowna, British Columbia. The Issuer's primary objective is to establish itself as a premier grower and retailer of medical marijuana. Through new, state-of-the-art facilities, under the direction of its world-class management team, the Issuer will grow, cultivate, harvest, and sell the highest quality, 100% organic products for both domestic and export sale.

Notwithstanding the foregoing, given that the Issuer has not, as of yet, generate any significant income or cash flows from operations and operates with limited financial resources to ensure that funds are available to complete scheduled programs, the Board of Directors has to consider not only the financial situation of the Issuer at the time of the determination of executive compensation, but also the estimated financial situation of the Issuer in the mid and long-term. An important element of executive compensation is the grant of incentive stock options by the Issuer to its employees, director and officers which do not require cash disbursement by the Issuer. Additional information about the Issuer and its operation is available in its audited financial statements and Management's Discussion and Analysis for the year ended March 31, 2014 which have been filed with regulators and are available for viewing under the Issuer's profile via the Internet at the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

### *Compensation Objectives and Principles*

The primary goal of the Issuer's executive compensation process is to attract and retain the key executives necessary for the company's long-term success, to encourage executives to further the development of the Issuer and its operations and to motivate qualified and experienced executives. The key elements of executive compensation awarded by the company are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements should be considered, rather than any single element.

### *Compensation Process and the Rule of the Compensation and Corporate Governance Committee*

The Compensation and Corporate Governance Committee of the Board of Directors of the Issuer, through discussions without any formal objectives, criteria or analysis, is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Issuer, as well as to its directors, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other senior

executives of the Issuer, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of the Issuer's executive officers, the Committee considers: (i) recruiting and retaining executives critical to the success of the Issuer and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balance the interests of management and the Issuer's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to the company's executive officers consists of base salary and/or long-term incentive in the form of stock options.

### Option Based Awards

Options to purchase common shares of the Issuer are intended to align the interests of the Issuer's directors and executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation the company would otherwise have to pay. The Issuer's Stock Option Incentive Plan is administered by the board of Directors on recommendations received from time to time from the Compensation and Corporate Governance Committee. In establishing the number of the incentive stock options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to the Issuer, are involved in the mining industry, as well as those of other publicly traded Canadian companies on a comparable size to that of the company in respect of assets. The Board of Directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience a level of commitment of the executive officer in determining the level of incentive stock option compensation. See "Incentive Plan Awards – Outstanding Option-Based Awards" below, as well as Part 5 – Securities Authorized for Issuance Under Equity Compensation Plans.

### Benefits and Perquisites

The Issuer does not, as of the date of this Listing Statement, offer any benefits or perquisites to its Named Executive Officers than entitlement to incentive stock options as otherwise disclosed and discussed herein.

### Summary Compensation Table

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, each Named Executive officer during the fiscal years ended March 31, 2014, March 31, 2013, and March 31, 2012. Amounts reported in the table below are in Canadian dollars.

					Non-equity incentive plan compensation (\$)				
Name and Principal Position	Fiscal Year Ended March 31	Salary/ Fee (\$)	Share based Awards (\$)	Other based Awards (\$) <sup>2</sup>	Annual Incentive Plans	Long-Term Incentive Plans	Pension Value (\$)	All Other Compensation	Total Compensation (\$)

								(\$)	
LES KJOSNE SS <sup>1</sup> Presiden t and CEO	2014 2013 2012	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
LINDA SAMPS ON Presiden t of Marapha rm Inc. <sup>3</sup>	2014 2013 2012	\$10,000 Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	\$10,000 Nil Nil
COREY KLASSE N CFO <sup>4</sup>	2014 2013 2012	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil

<sup>1</sup> Mr. Kjosness has served as President, CEO, and Chairman of the Board of the Issuer since July 8, 2014.

<sup>2</sup> The grant date fair values of incentive stock options granted to the Named Executive Officers as indicated in this column are estimated using the Black-Scholes option pricing model (See Note 7 to the Issuer's annual audited financial statements for the year ended March 31, 2014 for the assumptions and estimates used for this calculation). The market price of the shares is less than the option price.

<sup>3</sup> Ms. Sampson has served as President of Marapharm Inc. since January 30, 2014.

<sup>4</sup> Mr. Klassen has served as Chief Financial Officer of the Issuer since July 8, 2014.

### Incentive Plan Awards

The following table sets out option-based awards granted to the Named Executive Officers during the most recently completed financial year, or in prior years, and that were outstanding as at March 31, 2014. No other share-based awards have been granted to the Named Executive Officers by the Issuer.

	Option-based Awards				Share-based Awards	
Named Executive Officer	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price Per Common Share (\$)	Option Expiry Date	Value of Unexercised in-the-money options <sup>1</sup> (\$)	Number of Shares or Units of Shares That have Not Vested (#)	Market or Payout value Of share-Based awards that have not Vested (\$)
LES KJOSNESS	Nil	N/A	N/A	Nil	Nil	N/A



LINDA SAMPSON	Nil	N/A	N/A	Nil	Nil	N/A
COREY KLASSEN	Nil	N/A	N/A	Nil	Nil	N/A

<sup>1</sup> The value of unexercised “in-the-money options” at the financial year end is the difference between the option exercise price and the market value of the underlying common shares of the Issuer.

*Incentive Plan Awards – Value Vested or Earned during the Year*

Named Executive Officer	Option-Based Awards – Value Vested <sup>1</sup> During the Year Ended March 31, 2014 (\$)	Share-Based Awards - Value Vested During the Year Ended March 31, 2014 (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year Ended March 31, 2014 (\$)
Les Kjosness	Nil	N/A	N/A
Linda Sampson	Nil	N/A	N/A
Corey Klassen	Nil	N/A	N/A

<sup>1</sup> Represents the aggregate dollar value that would have been realized if the incentive stock options had been exercised on the vesting date – that is, the difference between the market price of the underlying common shares and the option exercise price on the vesting date. The exercise price exceeds the market price.

*Pension Plan Benefits*

The Issuer does not offer any pension plan benefits to its Named Executive Officers.

*Termination and Change of Control Benefits*

Other than as disclosed below, the Issuer is not a party to any contract, agreement, plan or arrangement with its Named Executive Officers that provide for payments to Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of the Issuer or a change in a Named Officer’s responsibilities.

*Director Compensation*

Other than a fee of \$500 per month commencing after listing, the Issuer does not intend to pay its directors any other fees for acting as such. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and the Issuer does, from time to time, grant incentive stock options to purchase common shares to its directors (see “Outstanding Option – Based Awards” below).

The following disclosure of director compensation for the Issuer's most recently completed financial year excludes compensation for the Issuer's executive directors, Les Kjosness, in his capacity as President and Chief Executive Officer, Linda Sampson, in her capacity as President of Marapharm Inc., and Corey Klassen, in his capacity as Chief Financial Officer of the Issuer. The compensation of the executive officers of the Issuer is disclosed above.

Name	Director Fees Earned (\$)	Share-Based Awards (\$)	Option Based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
Brian Peterson	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Outstanding Option-Based Awards

The following table sets out option-based awards to the directors of the Issuer (excluding Les Kjosness, Linda Sampson, and Corey Klassen) during the most recently completed financial year, and in years prior to, and that were outstanding as at the fiscal year ended March 31, 2014. No other share-based awards have been granted to the directors and the Issuer does not provide any non-equity incentive plan compensation to its directors. See also "Executive Compensation – Incentive Plan Awards" for outstanding options held by Les Kjosness, Linda Sampson, and Corey Klassen.

### Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets out the value vested or earned by the non-executive directors and officers of the Issuer during the financial year ended March 31, 2014. See Part 4 – "Executive Compensation – Incentive Plan Awards" for details with respect to Les Kjosness, Linda Sampson, and Corey Klassen.

Named Executive Officer	Option-Based Awards – Value Vested <sup>1</sup> During the Year Ended March 31, 2014 (\$)	Share-Based Awards - Value Vested During the Year Ended March 31, 2014 (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year Ended March 31, 2014 (\$)
Brian Peterson	Nil	N/A	N/A

<sup>1</sup> Represents the aggregate dollar value that would have been realized if the incentive stock options had been exercised on the vesting date – that is, the difference between the market price of the underlying shares and the option exercise price on the vesting date. The market price is less than the option price.

### Securities Authorized for Issuance under Equity Compensation Plan

The following information is as of March 31, 2014, the Issuer's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities
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			reflected in column
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL	Nil	N/A	

## 16. Indebtedness of Directors and Executive Officers

There is no indebtedness of any director, executive officer or proposed director or officer or associate of them, to or guaranteed or supported by the Issuer during the most recently completed financial year or to the date of the Listing Statement.

## 17. Risk Factors

***An investment in the Shares of the Issuer should be considered highly speculative. An investor should carefully consider the following factors, which assume the completion of the Acquisition.***

### (a) Reliance on Licence

The Issuer's ability to grow, store and sell medical marijuana in Canada is dependent on the Issuer obtaining "licensed producer" status from Health Canada. Once obtained, failure to comply with the requirements of the licence or any failure to maintain such licence would have a material adverse impact on the business, financial condition and operating results of the Issuer. Any issued licence will expire 12 months after issuance. Although the Issuer believes that it will meet the requirements of the MMPR for obtaining a licence, there can be no guarantee that Health Canada will grant a licence to the Issuer or, if it is granted, that it will be extended or renewed on the same or similar terms. Should Health Canada not grant, extend or renew the licence or should it renew the licence on different terms, the business, financial condition and results of the operation of the Issuer would be materially adversely affected.

### (b) Regulatory Risks

The activities of the Issuer will be subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

### (c) Changes in Laws, Regulations, and Guidelines

The Issuer's operations will be subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment, including: the MMPR, the Food and Drug Act, Narcotic Control Regulations, Pest Control Products Act, Customs Act, Directive on Physical Security Requirements for Controlled Substances Act, and other related municipal, provincial, and federal guidelines. While the Issuer intends to comply with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Issuer may cause adverse effects to the Issuer's future operations.

On March 21, 2014, the Federal Court of Canada issued an order affecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals. This order and its anticipated effects on the Issuer are described above under the heading "Narrative Description of the Business". As of the date of this Listing Statement, it is unclear how the Government of Canada will react to this order or how the Federal Court of Canada might ultimately decide the case to which the order relates. The risks to the business of the Issuer represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR, in which the Issuer is applying to be a licensed producer. This could significantly reduce the addressable market for the Issuer's products and could materially and adversely affect the business, financial condition and results of operations of the Issuer.

*(d) Limited Operating History*

The Issuer has yet to generate revenue from the sale of products. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

*(e) Reliance on a Single Facility*

The Issuer intends to focus its activities and resources on the Issuer's facility in Kelowna, British Columbia, subject to obtaining approval from Health Canada, and the Issuer intends to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the facility could have a material and adverse effect on the Issuer's business, financial condition and prospects. The Issuer's operations and financial performance may be adversely affected if it is unable to keep up with the maintenance requirements of its facility in Kelowna, British Columbia.

*(f) Reliance on Management*

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the

services of such individuals could have a material adverse effect on the Issuer's business, operating results or financial condition.

*(g) Factors Which May Prevent Realization of Growth Targets*

The Issuer is currently in the early development stage. The Issuer's growth strategy contemplates acquiring the Issuer and outfitting its facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Issuer may never have product for shipment in 2015 to meet the anticipated demand or to meet future demand when it arises.

The Issuer may incur significant net losses in the future and may not achieve or maintain profitability.

The Issuer expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Issuer does not achieve revenues to offset these expected operating expenses, the Issuer will never be profitable.

*(h) Additional Financing*

The acquisition of Marapharm Inc. and other similar entities, the building and operation of production facilities and businesses are capital intensive. In order to execute the anticipated growth strategy, the Issuer will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Issuer's growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of

holders of the Issuer's common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

*(i) Competition*

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and greater financial resources and manufacturing and marketing experience than the Issuer, including the 13 companies that are currently Licensed Producers under the MMPR. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition and results of operations of the Issuer.

Because of the early stage of the industry in which the Issuer intends to operate, the Issuer expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To be competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales and Client support. The Issuer may not have sufficient resources to maintain research and development, marketing, sales and Client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

*(j) Risks Inherent in an Emerging Agricultural Business*

The Issuer's business will involve the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Issuer expects that its products will be grown indoors under climate controlled conditions, carefully monitored by trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

*(k) Vulnerability to Rising Energy Costs*

Medical marijuana growing operations consume considerable energy, making such operations vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Issuer and its ability to operate profitably.

*(l) Transportation Disruptions*

Due to the perishable and premium nature of agricultural products, the Issuer will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Issuer. Rising costs associated with the courier services used by the Issuer to ship its products may also adversely impact the business of the Issuer and its ability to operate profitably.

*(m) Unfavourable Publicity or Consumer Perception*

The Issuer believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of marijuana products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition and cash flows of the Issuer. The Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Issuer, the demand for medical marijuana products, and the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Issuer's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

(n) *Product Liability*

As a manufacturer and distributor of products designed to be ingested by humans, the Issuer will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of medical marijuana products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of medical marijuana products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its Clients and consumers generally, and could have a material adverse effect on the Issuer's results of operations and financial condition. There can be no assurances that the Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential products.

(o) *Product Recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any medical marijuana products are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Issuer intends to have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Issuer's products were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(p) *Reliance on Key Inputs*

The Issuer's business will be dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Issuer.

(q) *Dependence on Suppliers and Skilled Labour*

The ability of the Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Issuer's capital expenditure program may be significantly greater than anticipated by the Issuer's management, and may be greater than funds available to the Issuer, in which circumstance the Issuer may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Issuer.

(r) *Difficulty to Forecast*

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the



medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

(s) *Operating Risk and Insurance Coverage*

The Issuer intends to obtain insurance to protect its assets, operations and employees. While the Issuer believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

(t) *Management of Growth*

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

(u) *Litigation*

The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer, such a decision could adversely affect the Issuer's ability to continue operating and the market price for the Issuer's common shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant company resources.

(v) *The Market Price of the Issuer's Common Shares May Be Subject to Wide Price Fluctuations*

The market price of the Issuer's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Issuer, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Issuer, general economic conditions, legislative changes, and other events and factors outside of the Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Issuer's shares.

(w) *Dividends*

The Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the Issuer's common shares in the foreseeable future. Dividends paid by the Issuer would be subject to tax and, potentially, withholdings.

(x) *Limited Market for Securities*

Upon listing of the Issuer's common shares, there can be no assurance that an active and liquid market for the Issuer's common shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer.

(y) *Environmental and Employee Health and Safety Regulations*

The Issuer's future operations will be subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Issuer will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

## 18. Promoters

A "Promoter" is defined in the B.C. Securities Act as a "person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the Issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the Issuer's own securities of a particular issue.

The Issuer's current President and Chief Executive Officer, Les Kjosness, is the only promoter of the Issuer. Mr. Kjosness currently owns 100,000 common shares and incentive stock options to purchase 500,000 common shares at an exercise price of \$0.50 per share until December 12, 2016.

As at the date hereof, or within 10 years before the date hereof, no promoter was a director, chief executive officer, or chief financial officer of any person or company that:

- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

For the purposes of section 18.2 (1), "order" means:

- (a) a cease trade order;
  - (b) an order similar to a cease trade order; or
  - (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.
- (3) No promoter referred to in section 18.2 (1):
- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
  - (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (4) No promoter referred to in section 18.2(1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
  - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

## 19. Legal Proceedings

There is currently no actual or pending material, legal proceedings to which the Issuer is or is likely to be a party or of which any of its properties is or is likely to be the subject.

19.2 The Issuer has not, since incorporation, been subject to any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

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- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
  - (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

## 20. Interest of Management and Others in Material Transactions

Management and others have no interest in material transactions of the Issuer.

## 21. Auditors, Transfer Agents and Registrars

The Issuer's auditor, both before and after completion of the Acquisition, is Saturna Group, Chartered Accountants LLP, of 1250, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

The Issuer's registrar and transfer agent, both before and after completion of the Acquisition, is Computershare Trust Company of Canada, having an office at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## 22. Material Contracts

The following contracts are material contracts of the Issuer:

- 1) Share purchase agreement between the Issuer and Marapharm Inc. dated as of December 10, 2014.
- 2) Share purchase agreement between the Issuer and Pinto Ventures Inc. dated as of May 10, 2014.
- 3) Arrangement agreement dated March 5, 2012, between Whitewater Resources Ltd., the Issuer, Cariboo Lake Resources Corp., Ogopogo Industries Ltd., Web Watcher Systems Ltd., Outback Resources Inc., and Big Shaft Resources Inc.
- 4) Stock option agreements with the Issuer's directors, officers, and consultants, dated December 12, 2014, pursuant to which a total of 2,000,000 options have been granted.
- 5) Copies of the Issuer's material contracts may be viewed without charge at any time during normal business hours until closing, and for 30 days thereafter, at the Issuer's registered office located at Unit 12, 7621 Vantage Way, Delta, British Columbia, V4G 1A6.

## 23 Interest of Experts

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There is no person or company named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under

National Instrument 51-102 *Continuous Disclosure Obligations* by the company during, or relating to, the Issuer's most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person or company, other than Saturna Group, Chartered Accountants LLP, in respect to its Auditors' Report, as attached to the Listing Statement.

To the Issuer's knowledge, the experts named in the foregoing section did not hold at the time they prepared or certified such statement, report or valuation received after such time or will receive any registered or beneficial interest, directly or indirectly, in any securities or other property of the Issuer or of any associate or affiliate of the company, and no director, officer or employee of such experts is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer.

#### 24. Other Material Facts

There are no other material facts that have not been disclosed elsewhere in this Listing Statement.

#### 25. Financial Statements

- (a) See attached - copies of the Issuer's financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as of March 31, 2014, March 31, 2013, and March 31, 2012; and
- (b) See attached - a copy of the Issuer's most current interim financial statements as of December 31, 2014.
- (c) See attached – a copy of Marapharm Inc.'s financial statements, including the auditor's reports, required to be prepared and filed under applicable securities legislation for the fiscal year ended March 31, 2014.
- (d) See attached – a copy of the Issuer's pro forma financial statements as of March 31, 2014.

**CAPITAL AUCTION MARKET INC.**

Financial Statements

Years Ended March 31, 2013 and 2012

(Expressed in Canadian dollars)

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders of Capital Auction Market Inc.**

We have audited the accompanying financial statements of Capital Auction Market Inc., which comprise the statements of financial position as at March 31, 2013 and 2012 and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

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

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of Capital Auction Market Inc. as at March 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Capital Auction Market Inc. to continue as a going concern.

/s/ SATURNA GROUP CHARTERED ACCOUNTANTS LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

January 27, 2014



**CAPITAL AUCTION MARKET INC.**

## Statements of financial position

(Expressed in Canadian dollars)

	March 31, 2013 \$	March 31, 2012 \$
Liabilities		
Current liabilities		
Accounts payable (Note 3)	54,403	2,307
Total liabilities	54,403	2,307
Shareholders' deficit		
Share capital	1	1
Deficit	(54,404)	(2,308)
Total shareholders' deficit	(54,403)	(2,307)
Total liabilities and shareholders' deficit	—	—

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on January 27, 2014:

/s/ "Anne O'Fee"

Anne O'Fee, Director

/s/ "Gregg Alfonso"

Gregg Alfonso, Director

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

**CAPITAL AUCTION MARKET INC.**

Statements of operations and comprehensive loss  
(Expressed in Canadian dollars)

	Year ended March 31, 2013 \$	Year ended, March 31, 2012 \$
Revenue	—	—
Expenses		
Management fees (Note 3)	44,000	—
Professional fees	8,096	—
Total expenses	52,096	—
Net loss and comprehensive loss for the year	(52,096)	—
Loss per share, basic and diluted	(52,096)	—
Weighted average shares outstanding	1	1

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

**CAPITAL AUCTION MARKET INC.**

## Statements of changes in equity

(Expressed in Canadian dollars)

	Share capital		Deficit	Total shareholders' deficit
	Number of shares	Amount \$		
Balance, March 31, 2011 and 2012	1	1	(2,308)	(2,307)
Net loss for the year	—	—	(52,096)	(52,096)
Balance, March 31, 2013	1	1	(54,404)	(54,403)

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

**CAPITAL AUCTION MARKET INC.**

## Statements of cash flows

(Expressed in Canadian dollars)

	Year ended March 31, 2013 \$	Year ended March 31, 2012 \$
Operating activities		
Net loss for the year	(52,096)	—
Changes in non-cash operating working capital:		
Accounts payable	52,096	—
Net cash used in operating activities	—	—
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	—	—
Supplemental disclosures:		
Interest paid	—	—
Income taxes paid	—	—

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

## **1. Nature of Operations and Continuance of Business**

Capital Auction Market Inc., (the “Company”), was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007 under the name 0789189 B.C. Ltd. On March 5, 2012, the Company approved a Plan of Arrangement with its parent company, Whitewater Resources Ltd. and became a reporting issuer. The Company changed its name to Capital Auction Market Inc. on May 21, 2013. The Company is searching for a suitable business opportunity. The Company’s head office is located at 1605 Bertram Street, Kelowna, BC, V1Y 2G5.

These 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. As at March 31, 2013, the Company has not generated any revenues from operations, has a working capital deficit of \$54,403, and has an accumulated deficit of \$54,404. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. Significant Accounting Policies**

### **(a) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board on a going concern basis.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

### **(b) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant areas requiring the use of estimates include deferred income tax asset valuation allowances.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

### **(c) Cash and Cash Equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents.

## 2. Significant Accounting Policies (continued)

### (d) Financial Instruments

#### (i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is

transferred to profit or loss. The Company does not have any assets classified as available-for-sale financial assets.



## 2. Significant Accounting Policies (continued)

### (d) Financial Instruments (continued)

#### (i) Non-derivative financial assets (continued)

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any assets classified as loans and receivables.

##### *Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, 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, 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 equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss.

Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

## 2. Significant accounting policies (continued)

### (d) Financial instruments (continued)

#### (ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### (iii) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

### (e) Income Taxes

#### *Current income tax*

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

#### *Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been

enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## 2. Significant accounting policies *(continued)*

### (f) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

### (g) Loss Per Share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

### (h) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss.

### (i) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

## **2. Significant accounting policies (continued)**

### **(j) Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2013, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

New standard IFRS 10, "Consolidated Financial Statements" and IFRS 12 "Disclosure of interests in Other Entities"

New standard IFRS 11, "Joint Arrangements"

New standard IFRS 13, "Fair Value Measurement"

Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **3. Related Party Transactions**

(n) As at March 31, 2013, the Company owed \$44,000 (2012 - \$nil) to the President of the Company for management fees which is included in accounts payable.

(o) As at March 31, 2013, the Company owed \$10,402 (2012 - \$2,307) to the former President of the Company for legal fees which is included in accounts payable.

(p) During the year ended March 31, 2013, the Company incurred \$44,000 (2012 - \$nil) to the President of the Company for management fees.

## **4. Share Capital**

Authorized: unlimited common shares without par value

## **5. Financial Instruments and Risks**

### **(k) Fair Values**

The fair value of financial instruments, which includes accounts payable, approximate its carrying values due to the relatively short-term maturity of these instruments.

### **(l) Credit Risk**

The Company is not exposed to any credit risk.

### **(m) Interest Rate Risk**

The Company is not exposed to any significant interest rate risk.

### **(n) Foreign Exchange Rate Risk**

The Company is not exposed to any significant foreign exchange rate risk.

## 5. Financial Instruments and Risks (continued)

### (o) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company will settle its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

## 6. Capital Management

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

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended March 31, 2012.

## 7. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	2013 \$	2012 \$
Canadian statutory income tax rate	25.00%	25.00%
Income tax recovery at statutory rate	(13,024)	—
Tax effect of:		
Change in enacted tax rates	(544)	—
Change in valuation allowance	13,568	—
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities are as follows:

	2013 \$	2012 \$
Deferred income tax assets		
Non-capital losses carried forward	14,145	577
Valuation allowance	(14,145)	(577)
Net deferred income tax asset	—	—

As at March 31, 2013, the Company has non-capital losses carried forward of \$54,404, which is available to offset future years' taxable income. These losses expire as follows:

	\$
2031	2,308

2033	52,096
	54,404





**MARAPHARM VENTURES INC.**

(formerly Capital Auction Market Inc.)

Financial Statements

Year Ended March 31, 2014

(Expressed in Canadian dollars)

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders of Marapharm Ventures Inc. (formerly Capital Auction Market Inc.)**

We have audited the accompanying financial statements of Marapharm Ventures Inc. (formerly Capital Auction Market Inc.) (the "Company"), which comprise the statements of financial position as at March 31, 2014 and 2013 and the statement of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

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

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

/s/ SATURNA GROUP CHARTERED ACCOUNTANTS LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

September 2, 2014

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Statements of financial position  
(Expressed in Canadian dollars)

	March 31, 2014 \$	March 31, 2013 \$
Liabilities		
Current liabilities		
Accounts payable	4,429	—
Due to related parties (Note 3)	19,691	54,403
Total liabilities	24,120	54,403
Shareholders' deficit		
Share capital	4	1
Deficit	(24,124)	(54,404)
Total shareholders' deficit	(24,120)	(54,403)
Total liabilities and shareholders' deficit	—	—

Nature of operations and continuance of business (Note 1)  
Subsequent events (Note 8)

Approved and authorized for issuance by the Board of Directors on September 2, 2014:

/s/ "Les Kjosness"

Les Kjosness, Director

/s/ "Corey Klassen"

Corey Klassen, Director

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

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Statements of operations and comprehensive loss  
(Expressed in Canadian dollars)

	Year ended March 31, 2014 \$	Year ended March 31, 2013 \$
Revenue	—	—
Expenses		
Management fees (Note 3)	48,000	44,000
Professional fees	3,151	8,096
Transfer agent and filing fees	5,407	—
Total expenses	56,558	52,096
Loss before other income	(56,558)	(52,096)
Other income		
Gain on settlement of related party debt	86,838	—
Net income (loss) and comprehensive income (loss) for the year	30,280	(52,096)
Earnings (loss) per share, basic and diluted	0.01	(52,096)
Weighted average shares outstanding	3,163,272	1

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

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Statements of changes in equity  
(Expressed in Canadian dollars)

	Share capital			Total
	Number of	Amount	Deficit	shareholders'
	shares	\$	\$	deficit
				\$
Balance, March 31, 2012	1	1	(2,308)	(2,307)
Net loss for the year	—	—	(52,096)	(52,096)
Balance, March 31, 2013	1	1	(54,404)	(54,403)
Shares issued to the shareholders of Whitewater Resources Inc.	14,403,698	1	—	1
Cancellation of share	(1)	—	—	—
Shares issued to settle related party debt	8,684,000	2	—	2
Net loss for the year	—	—	30,280	30,280
Balance, March 31, 2014	23,087,698	4	(24,124)	(24,120)

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

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Statements of cash flows  
(Expressed in Canadian dollars)

	Year ended March 31, 2014 \$	Year ended March 31, 2013 \$
Operating activities		
Net income (loss) for the year	30,280	(52,096)
Items not involving cash:		
Gain on settlement of related party debt	(86,838)	—
Shares issued pursuant to plan of arrangement	1	—
Changes in non-cash operating working capital:		
Accounts payable	4,429	—
Due to related parties	52,128	52,096
Net cash used in operating activities	—	—
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	—	—
Non-cash investing and financing activities:		
Shares issued to settle related party debt	2	—
Supplemental disclosures:		
Interest paid	—	—
Income taxes paid	—	—

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



## **1. Nature of Operations and Continuance of Business**

Marapharm Ventures Inc. (formerly Capital Auction Market Inc.) (the “Company”), was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007 under the name 0789189 B.C. Ltd. On March 5, 2012, the Company approved a Plan of Arrangement (the “Plan”) with its parent company, Whitewater Resources Ltd. and became a reporting issuer. On May 21, 2013, the Company changed its name to Capital Auction Market Inc. On August 1, 2014, the Company changed its name to Marapharm Ventures Inc. The Company is searching for a suitable business opportunity. The Company’s head office is located at 1605 Bertram Street, Kelowna, BC, V1Y 2G5.

These 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. As at March 31, 2014, the Company has not generated any revenues from operations, has a working capital deficit of \$24,120, and has an accumulated deficit of \$24,124. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors indicate the existence of a material uncertainty that may cast substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. Significant Accounting Policies**

### **(e) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board on a going concern basis.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

### **(f) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant areas requiring the use of estimates include share-based payments and deferred income tax asset valuation allowances.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

### **(g) Cash and Cash Equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value to be cash equivalents.

## 2. Significant Accounting Policies (continued)

### (h) Financial Instruments

#### (iv) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is

transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

## 2. Significant Accounting Policies (continued)

### (d) Financial Instruments (continued)

#### (i) Non-derivative financial assets (continued)

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any assets classified as loans and receivables.

##### *Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, 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, the previously recognized impairment loss is reversed through the statement of operations 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 equity securities, impairment losses previously recognized through the statement of operations are not

reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

## 2. Significant accounting policies (continued)

### (h) Financial instruments (continued)

#### (v) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### (vi) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

### (i) Income Taxes

#### *Current income tax*

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

#### *Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been

enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.



## 2. Significant accounting policies *(continued)*

### (j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

### (k) Earnings Per Share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

### (k) Comprehensive Income

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

### (l) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

## **2. Significant accounting policies** *(continued)*

### **(m) Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2014, and have not been applied in preparing these financial statements.

Amendments to IFRS 2, "Share-based Payment"

Amendments to IFRS 8, "Operating Segments"

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 13, "Fair Value Measurement"

Amendments to IAS16, "Property, Plant and Equipment"

Amendments to IAS 24, "Related Party Disclosures"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **3. Related Party Transactions**

- (q) As at March 31, 2014, the Company owed \$4,000 (2013 - \$44,000) to the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (r) As at March 31, 2014, the Company owed \$15,691 (2013 - \$10,403) to the majority shareholder and spouse of the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (s) During the year ended March 31, 2014, the Company incurred \$4,000 (2013 - \$44,000) to the President of the Company for management fees.
- (t) During the year ended March 31, 2014, the Company incurred \$44,000 (2013 - \$nil) to the majority shareholder and spouse of the President of the Company for management fees.

## **4. Share Capital**

Authorized: unlimited common shares without par value

- (a) On February 4, 2014, the Company issued 4,400,000 shares with a fair value of \$1 to settle debt of \$44,000 owed to the President of the Company. This resulted in a gain on settlement of debt of \$43,999.
- (b) On February 4, 2014, the Company issued 4,284,000 shares with a fair value of \$1 to settle debt of \$42,840 owed to the majority shareholder and spouse of the President of the Company. This resulted in a gain on settlement of debt of \$42,839.
- (c) On February 12, 2014, the Company issued 14,403,698 shares with a fair value of \$1 to the shareholders of Whitewater Resources Inc. pursuant to the Plan of which 12,788,400 shares were issued to the spouse of the President of the Company.

(d) On February 12, 2014, one share was returned and cancelled.

## 5. Financial Instruments and Risks

### (p) Fair Values

The fair value of financial instruments, which includes accounts payable, approximate its carrying values due to the relatively short-term maturity of these instruments.

### (q) Credit Risk

The Company is not exposed to any credit risk.

### (r) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

### (s) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

### (t) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company will settle its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

## 6. Capital Management

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

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended March 31, 2013.

## 7. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2014 \$	2013 \$
Canadian statutory income tax rate	26%	25%
Income tax expense (recovery) at statutory rate	7,873	(13,024)
Tax effect of:		
Permanent differences	(22,578)	—
Change in enacted tax rates	—	(544)
Change in valuation allowance	14,705	13,568
Income tax provision	—	—

## 7. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2014	2013
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	28,850	14,145
Valuation allowance	(28,850)	(14,145)
Net deferred income tax asset	—	—

As at March 31, 2014, the Company has non-capital losses carried forward of \$110,961, which is available to offset future years' taxable income. These losses expire as follows:

	\$
2031	2,307
2033	52,096
2034	56,558
	110,961

## 8. Subsequent Events

- (d) On May 3, 2014, the Company issued 300,000 shares to settle debt of \$6,000 owed to the President of the Company.
- (e) On May 3, 2014, the Company issued 300,000 shares to settle debt of \$6,000 owed to the majority shareholder and spouse of the President of the Company.
- (f) On August 1, 2014, the Company changed its name to Marapharm Ventures Inc.

**MARAPHARM VENTURES INC.**

(formerly Capital Auction Market Inc.)

**Interim Condensed Financial Statements**

Nine Months Ended December 31, 2014

(Expressed in Canadian dollars)

(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, “Continuous Disclosure Obligations”, 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 Company’s external auditors, Saturna Group Chartered Accountants LLP, have not performed a review of these financial statements.

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Condensed interim statements of financial position  
(Expressed in Canadian dollars)

	Note	December 31, 2014 \$ unaudited	March 31, 2014 \$ audited
<b>Assets</b>			
Current			
Cash		688,859	-
GST Receivable		740	-
		<u>689,598</u>	-
Investment in Marapharm Inc.		2,470,165	-
Deferred share issuance		82,850	-
		<u>3,242,613</u>	-
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		29,570	4,429
Due to related parties		25,575	19,691
		<u>55,145</u>	<u>24,120</u>
<b>Shareholders' Equity</b>			
Capital Stock		3,298,671	4
Reserves		2,000	-
Deficit		(113,203)	(24,124)
		<u>3,187,468</u>	<u>(24,120)</u>
		<u>3,242,613</u>	-

Nature of operations (Note 1)  
Subsequent event (Note 6)

Approved and authorized for issuance by the Board of Directors on:

/s/ "Les Kjosness"

Les Kjosness, Director

/s/ "Corey Klassen"

Corey Klassen, Director

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



**MARAPHARM VENTURES INC.**

(formerly Capital Auction Market Inc.)

Condensed interim statements of operations and comprehensive loss

(Expressed in Canadian dollars)

(unaudited)

		For the three months ended December 31, 2014 \$	For the three months ended December 31, 2013 \$	For the nine months ended December 31, 2014 \$	For the nine months ended December 31, 2013 \$
	Note				
<b>Operating Expenses</b>					
Bank charges and interest		21	-	21	-
Communications		1,750	-	1,750	-
Consultant fees		6,000	-	12,000	-
Investor relations		22,955	-	22,955	-
Management fees	4( c ),( d )	6,000	12,000	14,000	36,000
Professional fees		14,335	-	29,336	-
Regulatory fees		1,619	-	5,015	-
Office rent		6,000	-	12,000	-
Travel expenses		-	-	4,000	-
Total expenses		58,680	12,000	101,077	36,000
Loss before other income		(58,680)	(12,000)	(101,077)	(36,000)
Other income					
Gain on settlement of related p	4( b )	-	-	11,998	-
<b>Net Loss and Comprehensive Loss For</b>		<b>(58,680)</b>	<b>(12,000)</b>	<b>(89,079)</b>	<b>(36,000)</b>
<b>Basic and Diluted Loss per Common Sh</b>		<b>(0.00)</b>	<b>(12,000.00)</b>	<b>(0.00)</b>	<b>(36,000.00)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>		<b>25,092,227</b>	<b>1</b>	<b>23,943,759</b>	<b>1</b>

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

**MARAPHARM VENTURES INC.**

(formerly Capital Auction Market Inc.)

Condensed interim statements of changes in equity

(Expressed in Canadian dollars)

(unaudited)

	Common Shares		Reserves	Deficit	Total Shareholders' Equity
	Number	Amount \$			
<b>Balance, March 31, 2012</b>	1	1	-	(2,308)	(2,307)
Net loss for the year	-	-	-	(52,096)	(52,096)
<b>Balance, March 31, 2013</b>	1	1	-	(54,404)	(54,403)
Net loss for the period	-	-	-	(36,000)	(36,000)
<b>Balance, December 31, 2013</b>	1	1	-	(90,404)	(90,403)
Shares issued to the shareholders of Whitewater Resources Inc.	14,403,698	1	-	-	1
Cancellation of share	(1)	-	-	-	-
Shares issued to settle related party debt	8,684,000	2	-	-	2
Net income for the period	-	-	-	66,280	66,280
<b>Balance, March 31, 2014</b>	23,087,698	4	-	(24,124)	(24,120)
Shares issued for debt settlement	600,000	2	-	-	2
Shares issued for private placement	1,657,000	828,500	-	-	828,500
Shares issued for share issue costs	4,000	-	2,000	-	2,000
Shares issued for purchase of Marapharm Inc.	4,940,330	2,470,165	-	-	2,470,165
Net loss for the period	-	-	-	(89,079)	(89,079)
<b>Balance, December 31, 2014</b>	30,289,028	3,298,671	2,000	(113,203)	3,187,468

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

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

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Condensed interim statements of cash flows  
(Expressed in Canadian dollars)  
(unaudited)

	For the period ended December 31, 2014 \$	For the period ended December 31, 2013 \$
<b>Operating Activities</b>		
Net loss	(89,079)	(36,000)
Items not involving cash		
Gain on settlement of related party debt	11,998	-
Changes in non-csh working capital		
Accounts receivable	(740)	-
Accounts payable and accrued liabilities	19,143	36,000
Due to related parties	(115)	-
<b>Cash Used in Operating Activities</b>	<u>(58,793)</u>	<u>-</u>
<b>Cash flow from financing activities</b>		
Issuance of shares for private placement	828,500	-
Share issuance costs	(80,848)	-
	<u>747,652</u>	<u>-</u>
<b>Inflow of Cash</b>	688,859	-
<b>Cash, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Cash, End of Year</b>	<u>688,859</u>	<u>-</u>
Non-cash investing and financing activities		
Shares issued for finder's fees	2,000	-
Shares issued to settle related party debt	2	-

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

## **1. Nature of Operations**

Marapharm Ventures Inc. (formerly Capital Auction Market Inc.) (the “Company”), was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007 under the name 0789189 B.C. Ltd. On March 5, 2012, the Company approved a Plan of Arrangement (the “Plan”) with its parent company, Whitewater Resources Ltd. and became a reporting issuer. On May 21, 2013, the Company changed its name to Capital Auction Market Inc. On August 1, 2014, the Company changed its name to Marapharm Ventures Inc. The Company reached an agreement on December 23, 2014 to acquire Marapharm Inc., a company that was established to enter the emerging market of marijuana for medical purposes regulations and has its application for a license in with Health Canada. The Company’s head office is located at Unit #12 – 7621 Vantage Way, Delta, BC, V4G 1A6.

These 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. As at December 31, 2014, the Company has not generated any revenues from operations, has working capital of \$634,453, and has an accumulated deficit of \$113,203. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors indicate the existence of a material uncertainty that may cast substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. BASIS OF PRESENTATION**

### **(a) Statement of Compliance**

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended March 31, 2014. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of February 24, 2015, the date the Board of Directors approved these unaudited condensed interim financial statements and they are consistent with those disclosed in the annual financial statements.

### **(b) Basis of preparation**

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” and using the accounting policies consistent with those in the audited financial statements as at and for the year ended March 31, 2014.

### **(c) Critical accounting estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

## **3. Significant Accounting Policies**

### **(i) Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2014, and have not been applied in preparing these financial statements.

Amendments to IFRS 2, “Share-based Payment”

Amendments to IFRS 8, “Operating Segments”

New standard IFRS 9, “Financial Instruments”

Amendments to IFRS 13, “Fair Value Measurement”

Amendments to IAS16, “Property, Plant and Equipment”

Amendments to IAS 24, “Related Party Disclosures”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

#### **4. Related Party Transactions**

- (u) As at December 31, 2014, the Company owed \$Nil (March 31, 2014 - \$4,000) to the President of the Company which was non-interest bearing, unsecured, and due on demand.
- (v) As at December 31, 2014, the Company owed \$25,575 (March 31, 2014 - \$15,691) to the majority shareholder and spouse of the President of the Company which was non-interest bearing, unsecured, and due on demand.
- (w) During the Nine months ended December 31, 2014, the Company incurred \$2,000 (2013 - \$nil) to the President of the Company for management fees.
- (x) During the Nine months ended December 31, 2014, the Company incurred \$6,000 (2013 - \$12,000) to the majority shareholder and spouse of the President of the Company for management fees.

#### **5. Share Capital**

Authorized: unlimited common shares without par value

- (e) On July 7, 2014, the Company issued 300,000 shares with a fair value of \$1 to settle debt of \$6,000 owed to the President of the Company pursuant to a settlement agreement. This resulted in a gain on settlement of debt of \$5,999.
- (f) On July 7, 2014, the Company issued 300,000 shares with a fair value of \$1 to settle debt of \$6,000 owed to the majority shareholder and spouse of the President of the Company pursuant to a settlement agreement. This resulted in a gain on settlement of debt of \$5,999.
- (g) On November 7, 2014, the Company issued 1,657,000 units at \$0.50 per unit for proceeds of \$828,500. Each unit consisted of one common share and a transferable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 per share for a period of one year. A finder's fee of \$80,500 and 4,000 common shares was paid.
- (h) On December 23, 2014, the Company announced that it had finalized an agreement to purchase Marapharm Inc. by acquiring all the outstanding shares of Marapharm Inc. The first release of 4,940,330 units was facilitated on this date.

#### **Warrants**

Warrants outstanding at December 31, 2014 are 1,657,000 with an exercise price of \$0.75 per share and expire on November 7, 2015.

#### **6. Subsequent Event**

On February 3, 2015, the Company announced the release of the remaining 5,059,670 units to complete the purchase of Marapharm Inc.

**MARAPHARM INC.**

Financial Statements

Period Ended March 31, 2014

(Expressed in Canadian dollars)

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders of Marapharm Inc.**

We have audited the accompanying financial statements of Marapharm Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2014 and the statement of operations and comprehensive loss, changes in equity, and cash flows for the period from January 30, 2014 (date of incorporation) to March 31, 2014, and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2014 and its financial performance and its cash flows for the period from January 30, 2014 (date of incorporation) to March 31, 2014, in accordance with International Financial Reporting Standards.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.



Saturna Group Chartered Accountants LLP

Vancouver, Canada

December 1, 2014

**MARAPHARM INC.**  
Statement of financial position  
(Expressed in Canadian dollars)

	March 31, 2014 \$
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	606,562
Total liabilities	606,562
Shareholders' deficit	
Share capital	1
Deficit	(606,563)
Total shareholders' deficit	(606,562)
Total liabilities and shareholders' deficit	—

Nature of operations and continuance of business (Note 1)  
Subsequent events (Note 7)

Approved and authorized for issuance by the Board of Directors on December 1, 2014:

/s/ "Linda Sampson"

Linda Sampson, President and Director

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

**MARAPHARM INC.**Statement of operations and comprehensive loss  
(Expressed in Canadian dollars)

	Period from January 30, 2014 (date of incorporation) to March 31, 2014 \$
Revenue	—
Expenses	
Consulting fees	605,000
Professional fees	1,332
Transfer agent and filing fees	231
Total expenses	606,563
Net loss and comprehensive loss for the period	(606,563)

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

**MARAPHARM INC.**  
Statement of changes in equity  
(Expressed in Canadian dollars)

	Share capital			Total
	Number of	Amount	Deficit	shareholders'
	shares	\$	\$	deficit
				\$
Balance, January 30, 2014 (date of incorporation)	—	—	—	—
Shares issued for cash	120	1	—	1
Net loss for the period	—	—	(606,563)	(606,563)
Balance, March 31, 2014	120	1	(606,563)	(606,562)

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

**MARAPHARM INC.**  
Statement of cash flows  
(Expressed in Canadian dollars)

	Period from January 30, 2014 (date of incorporation) to March 31, 2013 \$
Operating activities	
Net loss for the period	(606,563)
Changes in non-cash operating working capital:	
Accounts payable and accrued liabilities	606,562
Net cash used in operating activities	(1)
Financing activities	
Proceeds from issuance of common stock	1
Net cash provided by financing activities	1
Change in cash	—
Cash, beginning of period	—
Cash, end of period	—
Supplemental disclosures:	
Interest paid	—
Income taxes paid	—

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

## **1. Nature of Operations and Continuance of Business**

Marapharm Inc. (the “Company”), was incorporated under the Business Corporations Act (British Columbia) on January 30, 2014. The Company was established to become a licenced producer of marijuana for medical purposes. The Company’s registered office is Box 20059, Kelowna, BC, V1Y 9H2.

These 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. As at March 31, 2014, the Company has not generated any revenues from operations, has a working capital deficit of \$606,562, and has an accumulated deficit of \$606,563. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors indicate the existence of a material uncertainty that may cast substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. Significant Accounting Policies**

### **(j) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board on a going concern basis.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

### **(k) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant areas requiring the use of estimates include deferred income tax asset valuation allowances.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

### **(l) Cash and Cash Equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value to be cash equivalents.

## 2. Significant Accounting Policies (continued)

### (m) Financial Instruments

#### (vii) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is

transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.



## 2. Significant Accounting Policies (continued)

### (d) Financial Instruments (continued)

#### (i) Non-derivative financial assets (continued)

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any assets classified as loans and receivables.

##### *Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, 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, the previously recognized impairment loss is reversed through the statement of operations 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 equity securities, impairment losses previously recognized through the statement of operations are not

reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

## 2. Significant accounting policies (continued)

### (l) Financial instruments (continued)

#### (viii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### (ix) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

### (m) Income Taxes

#### *Current income tax*

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

#### *Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been

enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## 2. Significant accounting policies *(continued)*

### (n) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

### (o) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

### (p) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2014, and have not been applied in preparing these financial statements.

Amendments to IFRS 2, "Share-based Payment"

Amendments to IFRS 8, "Operating Segments"

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 13, "Fair Value Measurement"

Amendments to IAS16, "Property, Plant and Equipment"

Amendments to IAS 24, "Related Party Disclosures"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **3. Share Capital**

Authorized:        Unlimited Class A Voting Common Shares without par value  
                         Unlimited Class B Voting Common Shares without par value  
                         Unlimited Class C Non-Voting Common Shares without par value  
                         Unlimited Class D Non-Voting Common Shares without par value  
                         Unlimited Class E Non-Voting Preferred Shares with \$0.0001 par value  
                         Unlimited Class F Non-Voting Preferred Shares with \$0.0001 par value  
                         Unlimited Class G Non-Voting Preferred Shares with \$0.001 par value  
                         Unlimited Class H Non-Voting Preferred Shares with \$0.001 par value  
                         Unlimited Class I Non-Voting Preferred Shares with \$0.01 par value  
                         Unlimited Class J Non-Voting Preferred Shares with \$0.01 par value  
                         Unlimited Class K Non-Voting Preferred Shares with \$0.01 par value

On January 30, 2014, the Company issued 120 Class A common shares for proceeds of \$1.

### **4. Financial Instruments and Risks**

#### **(u) Fair Values**

The fair value of financial instruments, which includes accounts payable and accrued liabilities, approximate its carrying values due to the relatively short-term maturity of these instruments.

#### **(v) Credit Risk**

The Company is not exposed to any credit risk.

#### **(w) Interest Rate Risk**

The Company is not exposed to any significant interest rate risk.

#### **(x) Foreign Exchange Rate Risk**

The Company is not exposed to any significant foreign exchange rate risk.

#### **(y) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company will settle its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

### **5. Capital Management**

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

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

## 6. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2014 \$
Canadian statutory income tax rate	26%
Income tax recovery at statutory rate	(157,706)
Tax effect of:	
Change in valuation allowance	157,706
Income tax provision	—

The significant components of deferred income tax assets and liabilities are as follows:

	2014 \$
Deferred income tax assets	
Non-capital loss carried forward	157,706
Valuation allowance	(157,706)
Net deferred income tax asset	—

As at March 31, 2014, the Company has a non-capital loss carried forward of \$606,563, which is available to offset future years' taxable income and expires in 2034.

## 7. Subsequent Events

- (a) On April 1, 2014, the Company issued 1,210,000 Class C common shares to four consultants for \$605,000 in services performed that was included in accounts payable and accrued liabilities as at March 31, 2014.
- (b) On April 1, 2014, the Company issued 30,000 Class C common shares at \$0.50 per share for proceeds of \$15,000.
- (c) On June 19, 2014, the Company issued 400,000 Class C common shares at \$0.50 per share for proceeds of \$200,000.
- (d) On June 27, 2014, loan proceeds of \$36,750 were received from a non-related company which is non-interest bearing, unsecured, and due on demand.
- (e) On July 3, 2014, the Company issued 503,000 Class C common shares at \$0.50 per share for proceeds of \$251,500.
- (f) On July 7, 2014, the Company issued 400,000 Class C common shares at \$0.50 per share for proceeds of \$200,000.
- (g) On July 15, 2014, the Company issued 150,000 Class C common shares at \$0.50 per share for proceeds of \$75,000.
- (h) On July 29, 2014, the Company issued 70,000 Class C common shares at \$0.50 per share for proceeds of \$35,000.
- (i) On August 1, 2014, the Company issued 440,000 Class C common shares at \$0.50 per share for proceeds of \$220,000.

## **7. Subsequent Events (continued)**

- (j) On August 21, 2014, the Company issued 210,000 Class C common shares at \$0.50 per share for proceeds of \$105,000.
- (k) On September 24, 2014, the Company issued 700,000 Class C common shares with a fair value of \$350,000 to six consultants for services performed.
- (l) On September 24, 2014, the Company issued 200,000 Class C common shares with a fair value of \$100,000 to the President of the Company for management services performed.
- (m) On October 7, 2014, loan proceeds of \$200,000 were received from a non-related individual which is non-interest bearing, unsecured, and due on demand.
- (n) On October 7, 2014, loan proceeds of \$179,000 were received from a non-related company which is non-interest bearing, unsecured, and due on demand.
- (o) On October 17, 2014, the Company issued 50,000 Class C common shares with a fair value of \$25,000 to a consultant for services performed.
- (p) On October 31, 2014, the Company issued 370,000 Class C common shares at \$0.50 per share for proceeds of \$185,000.



# **MARAPHARM VENTURES INC.**

(formerly Capital Auction Market Inc.)

## **Pro-Forma Combined Statement of Financial Position**

September 30, 2014

*(Expressed in Canadian dollars)*

*(unaudited)*

**MARAPHARM VENTURES INC.**  
(formerly Capital Auction Market Inc.)  
Pro-Forma Combined Statement of Financial Position  
(Expressed in Canadian dollars)

	Marapharm Ventures Inc. \$	Marapharm Inc. \$	Pro-Forma Adjustments \$		Marapharm Ventures Inc. Pro-Forma \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	-	520,675	748,000	(b)	1,832,675
	-	-	200,000	(c)	
	-	-	179,000	(d)	
	-	-	185,000	(f)	
Due from shareholder	-	200,000	-		200,000
GST receivable	-	1,499	-		1,499
	-	722,174	1,312,000		2,034,174
Deferred share issuance costs	-	225,000	82,500	(b)	307,500
Goodwill	-	-	3,179,128	(g)	3,179,128
Capitalized assets	-	325,000	-		325,000
	-	1,272,174	4,573,628		5,845,802
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	28,942	15,302	25,575	(a)	69,819
Due to related parties	25,575	-	(25,575)	(a)	-
Total liabilities	54,517	15,302	-		69,819
<b>Shareholders' deficit</b>					
Share capital	6	2,576,501	830,500	(b)	3,996,007
			200,000	(c)	
			179,000	(d)	
			25,000	(e)	
			185,000	(f)	
Contributed surplus			3,179,128	(g)	3,179,128
Deficit	(54,523)	(1,319,629)	(25,000)	(e)	(1,399,152)
Total shareholders' deficit	(54,517)	1,256,872	4,573,628		5,775,983
Total liabilities and shareholders' deficit	-	1,272,174	4,573,628		5,845,802



## 1. BASIS OF PRESENTATION

This unaudited pro-forma consolidated statement of financial position has been compiled as at September 30, 2014 for purposes of inclusion in the Purchase Agreement (the "Agreement") between Marapharm Ventures Inc. ("MVI" or the "Company") and Marapharm Inc. ("MI") dated December 10, 2014. Under the proposed transaction noted within the Agreement, MVI will acquire 100% of the issued and outstanding common shares of MI in exchange for the issuance of 10,000,000 units consisting of one common share and one transferable share purchase warrant. Each warrant is exercisable at a price of Cdn. \$0.75 per warrant for one year (the "Units"). The unaudited pro-forma combined statement of financial position is the effect of combining the unaudited statement of financial positions of MVI and MI as at September 30, 2014.

It is management's opinion that the pro forma consolidated statement of financial position includes all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 3 in accordance with International Financial Reporting Standards applied on a basis consistent with MVI's accounting policies. The pro forma combined statement of financial position is intended to reflect the financial position of the Company had the proposed transactions been effected on the date indicated, however it is not necessarily indicative of the financial position which would have resulted if the transactions had actually occurred on September 30, 2014.

The unaudited pro forma combined statement of financial position should be read in conjunction with the historical financial statements and notes thereto of MI and the Company.

## 3. PURCHASE AGREEMENT BETWEEN MARAPHARM VENTURES INC. AND MARAPHARM INC.

On December 10, 2014, MVI and MI entered into an Agreement whereby MVI acquired all of the issued and outstanding common shares of MI in exchange for the issuance of 10,000,000 units consisting of one common share and one transferable share purchase warrant. Each warrant is exercisable at a price of Cdn. \$0.75 per warrant for one year (the "Units"). The Agreement between MVI and MI is accounted for in accordance with IFRS 3, *Business Combinations*, and will constitute an asset purchase whereby MVI is deemed to be the acquirer on an accounting basis. The Agreement between MVI and MI is subject to, amongst other things, regulatory, board, and other approvals.

## 4. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS

The pro-forma balance sheet gives effect to the following transactions as if they had occurred at September 30, 2014:

Marapharm Ventures Inc.

- a) The former officer and major shareholder is not a related party under the pro forma statements.
- b) On November 7, 2014, the Company issued 1,657,000 units at \$0.50 per unit for proceeds of \$828,500. Each unit consisted of one common share and a transferable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 per share for a period of one year. A finder's fee of \$80,500 and 4,000 common shares was paid.

Marapharm Inc.

- c) On October 7, 2014, loan proceeds of \$200,000 were received from a non-related individual which is non-interest bearing, unsecured, and due on demand. This has been converted to shares.
- d) On October 7, 2014, loan proceeds of \$179,000 were received from a non-related individual which is non-interest bearing, unsecured, and due on demand. This has been converted to shares.
- e) On October 17, 2014, the Company issued 50,000 Class C common shares with a fair value of \$25,000 to a consultant for services performed.
- f) On October 31, 2014, the Company issued 370,000 Class C common shares at \$0.50 per share for proceeds of \$185,000.
- g) On December 10, 2014, the Company signed a purchase agreement as mentioned above with a deemed price of \$5,000,000. This price less the value of the cash, accounts receivable, other assets and capitalized assets plus the accounts payable resulted in a value of \$3,179,128 for goodwill.

## 4. Share Capital

After giving effect to the pro-forma adjustments and assumptions in Note 3, the issued and outstanding share capital of the Company is as follows:

	Number of shares	\$
Pre-consolidated balance, Marapharm Ventures at September 30, 2014	23,687,698	6
Subsequent shares issued to December 10, 2014	1,657,000	828,500
Subsequent shares issued for finder's fees	4,000	2,000
Pre-consolidated balance, Marapharm Inc. at September 30, 2014	-	2,576,501
Subsequent shares issued to December 10, 2014	-	589,000
Issuance of shares for purchase agreement	10,000,000	-
	35,348,698	3,996,007

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

#### CERTIFICATE OF THE ISSUER

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

Dated at Vancouver, British Columbia

this 7<sup>th</sup> day of May, 2015.

"Les Kjosness"

Chief Executive Officer

"Corey Klassen"

Chief Financial Officer

"Les Kjosness"

Promoter (if applicable)

"Brian Peterson"

Director

\_\_\_\_\_  
Director

[print or type names beneath signatures]

## CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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Chief Executive Officer

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Chief Financial Officer

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Promoter (if applicable)

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Director

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Director

[print or type names beneath signatures]