

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: **True Leaf Medicine International Ltd.** (the “Issuer”).

Trading Symbol: **MJ**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly 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) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

***All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended September 30, 2015.***

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### **2. Summary of securities issued and options granted during the period.**

***All securities issued and options have been disclosed in the notes to the financial statement for the interim period ended September 30, 2015.***

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

**3. Summary of securities as at the end of the reporting period.**

***A summary of securities has been provided in the financial statements for the interim period ended September 30, 2015.***

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

<b>Name of Director</b>	<b>Position(s) Held</b>
Michael Harcourt	Chairman & Director
Darcy Bomford	CEO, President & Director
Christopher Spooner	Director
Kevin Bottomley	Director
Chuck Austin	CFO

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

***See Management's Discussion & Analysis attached.***

**Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated November 30, 2015.

**Darcy Bomford**

Name of Director or Senior Officer

**"Darcy Bomford"**

Signature

**CEO, President & Director**

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
<b>True Leaf Medicine International Ltd.</b>	<b>September 30, 2015</b>	<b>15/11/30</b>
Issuer Address		
<b>100 Kalamalka Lake Road, Unit 32</b>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<b>Vernon, BC V1T 9G1</b>	<b>None</b>	<b>(778) 389.9933</b>
Contact Name	Contact Position	Contact Telephone No.
<b>Darcy Bomford</b>	<b>CEO, President &amp; Director</b>	<b>778.475.5323</b>
Contact Email Address	Web Site Address	
<b>darcy@trueleaf.com</b>	<b>www.trueleaf.com</b>	

Schedule "A"

**Financial Statements**

*[inserted as following pages]*

**True Leaf Medicine International Ltd.**  
**Condensed Consolidated Interim Financial Statements**  
**For the Six Months ended September 30, 2015 and September 30, 2014**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

The accompanying unaudited condensed consolidated interim financial statements of True Leaf Medicine International Ltd. for the six months ended September 30, 2015 and September 30, 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited - Prepared by Management)  
(Expressed in Canadian dollars)

	September 30, 2015	March 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 8,987	\$ 37,286
Prepaid expenses	26,816	3,750
Total current assets	35,803	41,036
<b>Non-current assets</b>		
Marketable securities (Note 6)	50	50
Capital assets (Note 7)	10,261	8,306
Intangible asset (Note 13)	4,521	-
<b>Total assets</b>	<b>\$ 50,635</b>	<b>\$ 49,392</b>
<b>Liabilities and shareholders' equity (deficit)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 289,184	\$ 122,934
Due to related parties (Note 8)	90,993	32,093
<b>Total liabilities</b>	<b>380,177</b>	<b>155,027</b>
<b>Shareholders' equity (deficit)</b>		
Share subscriptions received (Note 14)	20,000	-
Share capital (Note 9)	2,199,933	2,046,933
Shares committed for issuance (Note 9)	-	24,000
Reserves	273,700	67,454
Deficit	(2,823,175)	(2,244,022)
<b>Total shareholders' equity (deficit)</b>	<b>(329,542)</b>	<b>(105,635)</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 50,635</b>	<b>\$ 49,392</b>

**Nature of Operations and Going Concern (Note 1)**  
**Commitments (Note 11)**  
**Events After the Reporting Period (Note 14)**

Approved on behalf of the Board of Directors

/s/ Kevin Bottomley

**Director**

/s/ Darcy Bomford

**Director**

Kevin Bottomley

Darcy Bomford

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



**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**

(Unaudited - Prepared by Management)  
(Expressed in Canadian dollars)

	For the Three Months Ended		For the Six Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
<b>Operating Expenditures</b>				
Accounting and legal (Note 8)	\$ 58,270	\$ 121,062	\$ 88,799	\$ 256,460
Administrative and office	46,914	70,552	72,686	90,994
Advertising and marketing	46,287	29,895	97,790	32,250
Consulting fees	28,073	35,122	70,912	81,915
Management fees (Note 8)	15,000	—	30,000	—
Depreciation (Note 7)	773	—	1,546	—
Director's fees (Note 8)	1,875	—	3,750	—
Research	1,710	20,455	7,424	20,705
Share-based compensation (Note 8)	37,489	—	206,246	—
Total operating expenditures	(236,391)	(277,086)	(579,153)	(482,324)
Transaction costs (Note 4)	—	—	—	(878,340)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (236,391)</b>	<b>\$(277,086)</b>	<b>\$ (579,153)</b>	<b>\$(1,360,664)</b>
Loss per common share – basic and diluted	\$ (0.01)	\$(0.01)	\$ (0.02)	\$(0.09)
Weighted average number of common shares outstanding - basic and diluted	38,817,967	36,136,666	38,389,668	15,953,699

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

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)**

(Unaudited - Prepared by Management)  
(Expressed in Canadian dollars)

	Number of Shares	Share Subscriptions Received	Shares Committed For Issuance	Share Capital	Reserves	Deficit	Total Shareholders' Equity (Deficit)
<b>Balance, March 31, 2014</b>	<b>382</b>	<b>\$-</b>	<b>\$-</b>	<b>\$12</b>	<b>\$-</b>	<b>\$(77,217)</b>	<b>\$(77,205)</b>
Shares issued on debt settlement	2,499,618	-	-	78,616	-	-	78,616
Share restructuring – TL Medicine	(2,500,000)	-	-	-	-	-	-
Share restructuring – TL Investments	350,000	-	-	-	-	-	-
Shares issued pursuant to Share Exchange	25,000,000	-	-	1,250,000	-	-	1,250,000
Finder's shares issued on acquisition of TL Medicine Inc.	550,000	-	-	27,500	-	-	27,500
Private placements, net of share issue costs	11,856,663	-	-	660,805	45,200	-	706,005
Shares issued pursuant to Plan of Arrangement	355,000	-	-	53,250	-	-	53,250
Share restructuring – TL Investments	(38,111,663)	-	-	-	-	-	-
Share restructuring – TL Medicine International	38,111,663	-	-	-	-	-	-
Cancellation of shares	(155,000)	-	-	(23,250)	-	-	(23,250)
Shares committed for issuance	-	-	24,000	-	-	-	24,000
Share-based compensation	-	-	-	-	22,254	-	22,254
Loss for the year	-	-	-	-	-	(2,166,805)	(2,166,805)
<b>Balance, March 31, 2015</b>	<b>37,956,663</b>	<b>-</b>	<b>24,000</b>	<b>2,046,933</b>	<b>67,454</b>	<b>(2,244,022)</b>	<b>(105,635)</b>
Share subscriptions received	-	20,000	-	-	-	-	20,000
Shares issued for past consulting services	240,000	-	(24,000)	24,000	-	-	-
Share issued for debt settlement	50,000	-	-	5,000	-	-	5,000
Units issued for private placement	1,550,000	-	-	124,000	-	-	124,000
Share-based compensation	-	-	-	-	206,246	-	206,246
Loss for the period	-	-	-	-	-	(579,153)	(579,153)
<b>Balance, September 30, 2015</b>	<b>39,796,663</b>	<b>\$20,000</b>	<b>\$-</b>	<b>\$2,199,933</b>	<b>\$273,700</b>	<b>\$(2,823,175)</b>	<b>\$(329,542)</b>

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

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited - Prepared by Management)  
(Expressed in Canadian dollars)

	Six months ended September 30, 2015	Six months ended September 30, 2014
<b>Operating activities</b>		
Loss for the period	\$ (579,153)	\$ (1,360,664)
Items not affecting cash:		
Depreciation	1,546	-
Transaction costs	-	878,340
Share-based compensation	206,246	-
Changes in non-cash working capital items:		
Prepaid expenses	(23,066)	(36,150)
Accounts payable and accrued liabilities	171,250	61,688
Due to related parties	58,900	(287)
Net cash used in operating activities	(164,277)	(457,053)
<b>Investing activities</b>		
Purchase of capital assets	(3,501)	(9,405)
Purchase of intangible asset	(4,521)	-
Net cash used in investing activities	(8,022)	(9,405)
<b>Financing activities</b>		
Proceeds from issuance of share capital	124,000	604,355
Share subscriptions received	20,000	-
Net cash provided by financing activities	144,000	604,355
Change in cash for the period	(28,299)	137,897
Cash, beginning of the period	37,286	1,404
Cash end of the period	\$ 8,987	\$ 139,301

**Supplemental disclosure with respect to cash flows** (Note 12)

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

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

True Leaf Medicine International Ltd. (the "Company") was incorporated under the Business Corporations Act of the Province of British Columbia on June 9, 2014 and is the legal parent of True Leaf Investments Corp. ("TL Investments") and True Leaf Medicine Inc. ("TL Medicine"). TL Investments and TL Medicine were both incorporated under the Business Corporations Act of the Province of British Columbia on March 26, 2014 and July 4, 2013 respectively. The Company's head office and registered office is located at Suite 1820, 925 West Georgia Street, Vancouver, BC V6C 3L2.

On May 23, 2014, TL Investments completed a Share Exchange Agreement with TL Medicine in which TL Investments issued 25,000,000 common shares valued at \$1,250,000 for all of the outstanding common shares of Telemedicine (Note 4). The Share Exchange Agreement constituted a reverse takeover, with the sole shareholder of TL Medicine acquiring a control position in TL Investments.

On February 2, 2015, the Company executed a Plan of Arrangement as further described in Note 5. The Plan of Arrangement constituted a reverse takeover, with the shareholders of TL Investments acquiring a control position in the Company. As a result of the Plan of Arrangement, the consolidated financial statements have been presented as a continuation of TL Medicine. On February 9, 2015, the Company began trading on the Canadian Securities Exchange (the "CSE") under the symbol "MJ".

The Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under Canada's *Marihuana for Medical Purposes Regulations* ("MMPR") program administered by Health Canada. As at March 31, 2015, the Company does not have a license with the MMPR and no products are in commercial production or use. The Company has not been granted an MMPR license and will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia. There is a significant risk that the Company will not receive an MMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

As the Company awaits approval of its license application from Health Canada it is looking at new opportunities with hemp-based nutrition for pets and is planning to enter the US and Canadian natural pet product market with a product line consisting of innovative hemp-based functional chews and supplemental products for pets (Note 13).

**(a) Going Concern**

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six month period ended September 30, 2015, the Company incurred a loss of \$ 579,153 and has not earned any revenues since inception. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional funding through private placement financings. Management is of the opinion that it does not have sufficient working capital to fund future operations and will require external financing. There is a risk that financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**2. BASIS OF PREPARATION** *(continued)*

(b) Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended March 31, 2015.

(c) Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries Investments and TL Medicine, both Canadian companies. All significant intercompany transactions and balances have been eliminated on consolidation.

(d) Basis of Measurement and Use of Estimates

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. All amounts on the consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based concurrent and future economic conditions another factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**2. BASIS OF PREPARATION** (*continued*)

(i) Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration and shares determined to have been issued at a discount. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services. Prior to listing on the CSE, the Company estimated the fair value of shares issued with reference to private placements with arm's length parties.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

(ii) Income taxes

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity," or "financial liabilities measured at amortized cost" as follows:

(i) Financial assets

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized in net loss for the period in which such gains or losses occur. The Company's cash and marketable securities are classified as fair value through profit or loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest rate method. Under this method, all cash flows from these instruments are discounted, where material, to their present value. Over time, this present value is accreted to the future value of remaining cash flows, and this accretion is recorded as interest income. The Company does not hold any financial assets that are classified as loans and receivables and no financial assets have been classified as held-to-maturity.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments *(continued)*

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary. Upon disposal of an available-for-sale financial asset, any accumulated other comprehensive income or loss at the time of disposal is recognized in profit or loss. The Company does not hold any financial assets that have been classified as available-for-sale by the Company.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(ii) Financial liabilities

For financial liabilities classified as other financial liabilities measured at amortized cost using the effective interest rate method, all cash flows from these instruments are discounted, where material, to their present value. Over time, this present value is accreted to the future value of the remaining cash flows, and this accretion is recorded as interest expense. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities measured at amortized cost, but as the terms of payment are generally of short duration, they are recorded at present value as the impact of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and/or with original maturities of three months or less. As at September 30, 2015 and March 31, 2015, the Company did not hold any cash equivalents.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their estimated fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Share-based payments

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in reserves as the options vest.

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

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

On vesting, share-based payments are recorded as an operating expense and as reserves. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as reserves are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed and charged to reserves.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.



**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Capital assets

Capital assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method at the following rates:

Office equipment – 5 years

Website costs – 3 years

Costs incurred toward the construction of a research facility on the Company's leased land will be deferred and capitalized until the facility is considered substantially complete and ready for use.

The Company's capital assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Intangible asset

The Company owns an intangible asset consisting of costs associated with the acquisition of a trademark. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives.

Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

New standard not yet adopted

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

**4. SHARE EXCHANGE AGREEMENT**

On May 23, 2014, pursuant to the terms of the Share Exchange Agreement (the "Agreement"), TL Investments acquired 100% of the issued and outstanding capital stock of Telemedicine by issuing 25,000,000 common shares representing one common share of TL Investments for every ten common shares of Telemedicine.

As a result of the Agreement, the former shareholder of TL Medicine (for accounting purposes) is considered to have acquired control of TL Investments. Accordingly, the Agreement has been accounted for as a reverse takeover. As TL Investments did not meet the definition of a business the transaction was accounted for as a purchase of the net assets (liabilities) of TL Investments. The net purchase price was determined as an equity settled share-based payment under IFRS 2, Share-based Payment. As TL Medicine is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 4, 2013 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of TL Medicine in accordance with accounting standards. TL Investments' results of operations are included from May 23, 2014 onwards. At the time of the execution of the Agreement, TL Investments was in a net liability position as follows:

<b>As at May 23, 2014</b>	
Cash	\$44,979
Funds held in trust	177,124
Receivables	30,000
Accounts payable and accrued liabilities	(5,000)
Other liabilities	(292,005)
<b>Net liabilities</b>	<b>\$(44,902)</b>

On completion of the Agreement, TL Medicine recognized transaction costs of \$1,322,402 associated with the acquisition of TL Investments, representing the fair value of the 25,000,000 common shares issued (\$1,250,000), 550,000 common shares valued at \$27,500 issued as finders' shares, as well as the net liabilities assumed on execution of the Agreement.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**5. PLAN OF ARRANGEMENT**

In June 2014, the Company entered into a Plan of Arrangement (the "Arrangement") with Noor Energy Corporation ("Noor"), which was the former parent of the Company, and TL Investments for the purpose of becoming a publicly traded entity. The Arrangement was executed on February 2, 2015. Pursuant to the terms of the Arrangement:

- (i) TL Investments purchased all the issued and outstanding shares of the Company (the "Purchase Shares") from Noor for consideration of \$20,000 (paid);
- (ii) The Company acquired all of the 37,083,330 outstanding shares of TL Investments from the TL Investments shareholders through a 1-for-1 share exchange;
- (iii) Noor issued 5,000 of its common shares to the Company and received in exchange 355,000 common shares of the Company (the "Distribution Shares");
- (iv) The Distribution Shares were distributed as dividends to Noor's shareholders on a pro rata basis; and
- (v) The Purchase Shares were then cancelled.

As a result of the Arrangement, the former shareholders of TL Investments (for accounting purposes) are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover. As the Company did not meet the definition of a business, the transaction was accounted for as a purchase of the net assets of the Company. The net purchase price was determined as an equity settled share-based payment under IFRS 2, Share-based Payment. TL Medicine is deemed to be the acquirer for accounting purposes. The consolidated financial statements are a continuation of TL Medicine in accordance with accounting standards. The Company's results of operations are included from February 2, 2015 onwards. At the time of the execution of the Arrangement, the Company had net assets totaling \$1 consisting of a nominal cash balance with no other assets or liabilities.

The listing expense of \$49,949 was determined as follows:

- (i) Number of common shares of TL Investments held by former TL Investments shareholders outstanding prior to the RTO was 37,083,330 or 99.97% of the combined entity.
- (ii) Number of outstanding shares of the Company prior to the RTO is determined to be 10,000 or 0.03% of the combined entity.
- (iii) Estimated fair value of TL Investments being \$5,562,500 based on the financing price of \$0.15 per common share being completed concurrently with the RTO being executed. The Company had a fair value of \$1,500 under these measurements.
- (iv) The difference between the fair value of the 200,000 shares (net of 155,000 shares subsequently returned to treasury and cancelled) issued (\$30,000) being the consideration paid and the estimated fair value of the net assets of the Company of \$1, in addition to the payment made to the Noor shareholders of \$20,000 (net of the fair value of the 5,000 common shares of Noor that were received of \$50), amounts to a listing expense of \$49,949.

Upon issuance of the Distribution Shares, 155,000 shares were returned to treasury and immediately cancelled in accordance with the Arrangement.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

**6. MARKETABLE SECURITIES**

In connection with the Arrangement (Note 5), the Company received 5,000 common shares of Noor Energy Corporation valued at \$0.01 per share.

**7. CAPITAL ASSETS**

Cost:	Website	Office Equipment	Total
Balance, March 31, 2014	\$ -	\$ -	\$ -
Additions	7,300	2,105	9,405
Balance, March 31, 2015	7,300	2,105	9,405
Additions	3,501	-	3,501
Balance, September 30, 2015	\$ 10,801	\$ 2,105	\$ 12,906
Accumulated depreciation:			
Balance, March 31, 2014	\$ -	\$ -	\$ -
Depreciation for the year	957	142	1,099
Balance, March 31, 2015	957	142	1,099
Depreciation for the period	1,350	196	1,546
Balance, September 30, 2015	\$ 2,307	\$ 338	\$ 2,645
Net book values			
As at March 31, 2015	\$ 6,343	\$ 1,963	\$ 8,306
<b>As at September 30, 2015</b>	<b>\$ 8,494</b>	<b>\$ 1,767</b>	<b>\$ 10,261</b>

**8. RELATED PARTY PAYABLES AND TRANSACTIONS**

During the six month period ended September 30, 2015, the Company:

1. Paid or accrued a total of \$30,000 (2014 - \$nil) to its Chief Executive Officer for management fees;
2. Paid or accrued a total of \$12,000(2014 - \$nil) to its Chief Financial Officer for accounting fees; and
3. Paid or accrued a total of \$3,750 (2014 - \$nil) in directors' fees.

As at September 30, 2015, the Company is indebted to its Chief Executive Officer in the amount of \$68,183 (March 31, 2015 – \$23,033) for management fees and expenses paid on the Company's behalf, its Chief Financial Officer in the amount of \$12,000 (March 31, 2015 – \$2,000) for accounting fees and expenses paid on the Company's behalf and \$10,810(March 31, 2015 – \$7,060) in director's fees and expense reimbursement to the Company's other directors. The amounts are unsecured, non-interest bearing with no scheduled terms of repayment.

On March 19, 2015, the Company granted a total of 3,750,000 stock options, 2,000,000 of which were to directors and officers of the Company having a fair value of \$121,653. During the six month period ended September 30, 2015, the Company recognized \$109,784 (2014 – \$nil) in share-based compensation expense associated with the stock options granted to related parties.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**9. SHARE CAPITAL**

Authorized:

Unlimited	Common voting shares with no par value
Unlimited	Preferred non-voting shares with no par value

Issued:

On incorporation, 382 common shares were issued at \$0.03 per share. No other common shares were issued during the period ended March 31, 2014.

The Company had the following share capital transactions during the year ended March 31, 2015:

1. On April 22, 2014, the Company issued 2,499,618 to its sole shareholder to settle debt totaling \$78,616.
2. On April 24, 2014, the Company completed a private placement by issuing 2,950,000 common shares at a price of \$0.01 per share for gross proceeds of \$29,500.
3. On May 6, 2014, the Company completed a private placement by issuing 1,666,666 units at a price of \$0.03 per unit for gross proceeds of \$50,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at \$0.20 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed.
4. On May 23, 2014, the Company issued 25,000,000 common shares with a fair value of \$1,250,000 in accordance with the Share Exchange Agreement described in Note 4. The Company also issued 550,000 common shares with a fair value of \$27,500 as finder's shares associated with the Agreement.
5. On May 25, 2014, the Company completed a private placement by issuing 4,200,000 units at a price of \$0.05 per unit for gross proceeds of \$210,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at \$0.20 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed.
6. On June 24, 2014, the Company completed a private placement by issuing 1,420,000 units at a price of \$0.25 per unit for gross proceeds of \$355,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into an additional common share at \$0.40 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed. The Company incurred cash share issue costs of \$33,645 associated with this private placement and issued 142,000 broker's warrants exercisable into common shares of the Company at a price of \$0.25 for a period of two years. The fair value of the warrants was estimated at \$21,600 using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 120%, risk-free rate of 1.21% and expected dividends of \$nil.
7. On October 23, 2014, the Company adjusted the pricing on the unit offering completed on June 24, 2014, whereby the Company reduced the subscription price from \$0.25 to \$0.15. Accordingly, the Company issued an additional 946,664 units to the subscribers, and adjusted the exercise price of all warrants attached to the subscriber units from \$0.40 to \$0.25 while extending the expiration date to October 23, 2016. The Company also issued an additional 94,661 broker's warrants, reduced the exercise price from \$0.25 to \$0.15 and extended the expiration date to October 23, 2016. The Company recorded an additional share issue cost of \$20,000 associated with the revision to the terms of the broker's warrants, using the Black-Scholes option pricing model with the following revised assumptions: term of 2 years, expected volatility of 120%, risk-free rate of 1.21% and expected dividends of \$nil.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

**9. SHARE CAPITAL** *(continued)*

8. On February 2, 2015, the Company completed a private placement by issuing 673,333 units at a price of \$0.15 per unit for gross proceeds of \$101,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into an additional common share at \$0.25 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed. The Company incurred cash share issue costs of \$5,850 associated with this private placement and issued 39,000 broker's warrants exercisable into common shares of the Company at a price of \$0.15 for a period of two years. The fair value of the warrants was estimated at \$3,600 using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 120%, risk-free rate of 1.15% and expected dividends of \$nil.
9. On February 2, 2015, the Company issued 355,000 common shares with a fair value of \$53,250 in accordance with the Plan of Arrangement described in Note 5. 155,000 of these shares (with a fair value of \$23,250) were subsequently returned to treasury and cancelled.

The Company had the following share capital transaction during the six month period ended September 30, 2015:

1. On August 11, 2015, the Company completed a private placement by issuing 1,550,000 units at a price of \$0.08 per unit for gross proceeds of \$124,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at \$0.15 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed.
2. On September 24, 2015, the Company issued 240,000 common shares with a fair value of \$24,000 for past consulting services provided. The amount had been accrued as a commitment to issue shares as at March 31, 2015.
3. On September 24, 2015, the Company issued 50,000 common shares with a fair value of \$5,000 pursuant to a debt settlement agreement.

Share subscriptions received:

During the six month period ended September 30, 2015, the Company received \$20,000 towards a future financing to be completed. The terms of the financing have not yet been completed. Subsequent to September 30, 2015, the Company received an additional \$5,000 towards the financing.

**Warrants**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2014	-	\$ -
Warrants and broker warrants issued	7,662,327	0.21
Balance, March 31, 2015	7,662,327	0.21
Warrants issued	1,550,000	0.15
<b>Balance, September 30, 2015</b>	<b>9,212,327</b>	<b>\$ 0.18</b>

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

**9. SHARE CAPITAL** *(continued)*

As at September 30, 2015 the following warrants are outstanding:

	Number of Warrants	Exercise Price ( \$ )	Expiry Date
Warrants	1,666,666	0.20	May 6, 2016
Warrants	4,200,000	0.20	May 25, 2016
Warrants	1,183,333	0.25	October 23, 2016
Broker warrants	236,661	0.15	October 23, 2016
Warrants	336,667	0.25	February 2, 2017
Broker warrants	39,000	0.15	February 2, 2017
Warrants	1,550,000	0.15	August 11, 2017
	<b>9,212,327</b>		

**Stock options**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 5% (5% for individuals, 4% for consultants and 1% for investor relation consultants) of the issued and outstanding common stock of the Company in any 12 month period. Under the plan, the exercise price of each option is subject to a minimum exercise price of \$0.10 and may not be less than the closing market price of the shares on the trading day immediately preceding the date of grant of the options. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2014	-	\$ -
Stock options issued	3,750,000	0.10
<b>Balance, March 31, 2015 and September 30, 2015</b>	<b>3,750,000</b>	<b>\$ 0.10</b>

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

**9. SHARE CAPITAL** *(continued)*

**Stock options** *(continued)*

As at September 30, 2015 the following stock options are outstanding:

	Number of Options	Exercise Price ( \$ )	Expiry Date
Stock options	3,750,000	0.10	March 19, 2017
	<b>3,750,000</b>		

On March 19, 2015, the Company granted a total of 3,750,000 stock options to directors, officers and employees that vested on July 20, 2015. The stock options were valued at \$228,100 (\$0.06 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 120%, risk-free rate of 1.10% and expected dividends of \$nil.

As of September 30, 2015 the stock options have fully vested and the Company has recognized a total of \$206,246 in share-based compensation on a pro-rata basis for the six month period ended September 30, 2015.

**10. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT**

**Fair Value**

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

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of accounts payable and accrued liabilities and due to related parties approximates their fair value because of the short-term nature of these instruments.

The fair values of cash and marketable securities are measured based on level 1 inputs of the fair value hierarchy.



**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**10. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT** *(continued)*

**Risk**

The Company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of September 30, 2015:

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations which will result in a loss for the Company. At September 30, 2015, the Company's maximum exposure to credit risk was the carrying value of cash. The Company limits its credit exposure on cash by holding its deposits mainly with Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting future obligations with financial liabilities. The Company is exposed to this risk mainly in respect to finance future growth. As at September 30, 2015, the Company has cash of \$8,987 to settle current liabilities of \$380,177.

Currency risk

The Company is not exposed to any currency risk as of September 30, 2015.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risk from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is not at risk as of September 30, 2015.

**Capital Management**

The Company's capital includes share capital and the accumulated deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. The Company has not changed its approach to capital management during the six month period ended September 30, 2015.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**11. COMMITMENTS**

The Company has the following commitments as of September 30, 2015:

1. On May 1, 2014, the Company entered into a contractual agreement with its Chief Executive Officer whereby the Company will pay or accrue \$5,000 per month for management fees.
2. On May 20, 2014, the Company entered into a contractual agreement with its Chief Financial Officer whereby the Company will pay or accrue \$2,000 per month for accounting and financial reporting services rendered for an initial term of 2 years.
3. On March 27, 2014, the Company entered into an agreement to lease a property located in Lumby, British Columbia for purposes of its future medical marijuana production. The option agreement has an initial term of 1 year at a rate of \$2,000 per month commencing April 1, 2014. The owner of the property has the right to cancel the option to lease within 30 days notice if no significant progress or feedback is shown in regards to the Company's medical marijuana license application.
4. On June 1, 2014, the Company entered into a consulting agreement with its Controller whereby the Company will pay or accrue a maximum of \$6,500 per month for accounting and financial reporting services rendered for an initial term of 1 year.

**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the six month period ended September 30, 2015, the Company had the following non-cash investing and financing activities:

1. The Company issued 50,000 common shares with a fair value of \$5,000 to settle accounts payable and accrued liabilities.
2. The Company issued 240,000 common shares with a fair value of \$24,000 for past consulting services provided.

The Company had no non-cash investing or financing activities during the six month period ended September 30, 2014.

**13. PROPOSED ACQUISITION**

The Company entered into a Right of First Refusal (the "Right") to match any offers received by the shareholders of Wodema Industries Ltd. ("Wodema") in regards to the purchase of all or any of the Wodema shares, for a 24 month period ending May 1, 2017. Wodema is a private company based out of Vernon, British Columbia that carries on business as a manufacturer and distributor of pet treats. Wodema has agreed to be a manufacturer of the Company's hemp-based pet treats expected to commence during fiscal 2016.

During the six month period ended September 30, 2015, the Company incurred \$4,521 in costs associated with acquiring a trademark for use in the pet treat segment of the Company's future operations. No amortization has been recorded for the six month period ended September 30, 2015, and the Company expects to incur additional costs associated with the trademark process.

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six Month Period Ended September, 2015**  
(Expressed in Canadian dollars)

---

**14. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to September 30, 2015, the Company entered into a loan agreement with First Pacific Enterprises Inc. ("First Pacific"), pursuant to which First Pacific loaned the Company a total of \$60,000. First Pacific is a company controlled by the Company's CEO. The loan is due on April 30, 2016 and bears interest at a rate of 10% per annum. First Pacific has the right to convert all or any portion of the loan into units of the Company at the conversion price of \$0.105 per unit. Each unit would consist of one common share of the Company and one half of one share purchase warrant, with each full warrant being exercisable into an additional common share of the Company at a price of \$0.15 for a period of two years.

Schedule "B"

**Supplementary Information**

*[included in Schedule "A"]*

Schedule "C"

***Management's Discussion & Analysis***

*[inserted as following pages]*

**TRUE LEAF MEDICINE INTERNATIONAL LTD.**  
(the "Company")

November 30, 2015

---

**MANAGEMENT DISCUSSION & ANALYSIS**

---

This Management's Discussion & Analysis ("MD&A") has been prepared by management and should be read in conjunction with the interim financial statements of the Company together with the related notes thereto for the six months ended September 30, 2015, as well as our audited consolidated financial statements and accompanying MD&A for the year ended March 31, 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

---

**FORWARD LOOKING STATEMENTS**

---

This MD&A contains certain statements related to industry scope and state, production, revenue, expenses, plans, development schedules and similar items that represent forward-looking statements. Such statements are based on assumptions and estimates related to future economic and market conditions. Such statements include declarations regarding management's intent, belief or current expectations. Certain statements contained herein may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results may differ materially from those indicated by such forward-looking statements. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix) impact of Canadian economic conditions, and (x) fluctuations in currency exchange rates and interest rates.

---

**OVERVIEW**

---

The Company was incorporated on June 6, 2014 under the *Business Corporations Act* (British Columbia) ("BCBCA") and has two wholly-owned subsidiaries, being True Leaf Investments Corp. ("TL Investments"), which was incorporated on March 26, 2014 under the BCBCA, and True Leaf Medicine Inc. ("TL Medicine"), which was incorporated on July 4, 2013 under the BCBCA and is wholly-owned by TL Investments. The Company's registered office is Suite 1820, 925 West Georgia Street, Vancouver, BC V6C 3L2.

On May 23, 2014, TL Investments completed a Share Exchange Agreement (the "*Share Exchange Agreement*") with TL Medicine in which the TL Investments issued 25,000,000 common shares valued at \$750,000 for all of the outstanding common shares of TL Medicine.

In June 2014, the Company entered into an Arrangement Agreement with Noor Energy Corporation

(“*Noor*”), which was the former parent of the Company, and TL Investments for the purpose of becoming a publicly traded entity by way of a plan of arrangement (the “*Arrangement*”).

Pursuant to the terms of the Arrangement:

- TL Investments purchased all the issued and outstanding shares of the Company (the “*Purchase Shares*”) from Noor for consideration of \$20,000;
- The Company acquired all the outstanding shares of the TL Investments from all TL Investments shareholders through a 1-for-1 share exchange;
- Noor issued 5,000 of its common shares to the Company and received in exchange 355,000 common shares of the Company (the “*Distribution Shares*”);
- The Distribution Shares were distributed as dividends to Noor’s shareholders on a pro rata basis; and
- The Purchase Shares were then cancelled.

On February 2, 2015, the Company executed the Arrangement and on February 9, 2015, the Company began trading on the Canadian Securities Exchange (“*CSE*”) under the symbol “MJ”. In March 2015, the Company announced that it had also commenced trading on German stock exchanges in Frankfurt, Munich and Berlin under the symbol “TLA”.

As a result of the Arrangement, the former shareholders of TL Investments for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As TL Investments is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on March 26, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of TL Investments in accordance with IFRS 3, Business Combinations. The Company’s results of operations are included from June 9, 2014 onwards.

The Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under Canada's *Marihuana for Medical Purposes Regulations* (“*MMPR*”) program administered by Health Canada. As at September 30, 2015, the Company does not have a license with the MMPR and no products are in commercial production or use. The Company will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia. There is a significant risk that the Company will not receive an MMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

As the Company awaits approval of its license application from Health Canada it is looking at new opportunities with hemp-based nutrition for pets. The Company is planning to enter the US and Canadian National pet product market with a product line consisting of innovative hemp-based functional chews and supplemental products for pets in the fall of 2015.

## SUMMARY OF QUARTERLY RESULTS

---

As TL Investments is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on March 26, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of TL Investments in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from June 9, 2014 onwards.

Description	Three months ended Sept. 30, 2015 \$	Three months ended Jun 30, 2015 \$	Three months ended Mar 31, 2015 \$	Three months ended Dec 31, 2014 \$	Three Months ended Sept 30, 2014 \$	Period ended June 30, 2014 \$
Net Revenues	0	0	0	0	0	0
Income (loss) before other items						
Total	(236,391)	(342,761)	(185,874)	(125,990)	(277,086)	(205,238)
Net and comprehensive income (loss) for period						
Total	(236,391)	(342,762)	(236,089)	(125,990)	(277,086)	(1,083,578)
Per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.07)

## PLAN OF OPERATIONS

---

The Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under Canada's *Marihuana for Medical Purposes Regulations* ("MMPR") program administered by Health Canada. As at September 30, 2015, the Company does not have a license with the MMPR and no products are in commercial production or use. The Company will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia. There is a significant risk that the Company will not receive an MMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

The Company received a 'Ready to Build' approval for its first licensing application in January 2014; however, issues arose with the facility location and local zoning. In March 2014, the Company secured a second location, and on April 8, 2014, the Company submitted a second licensing application.

The Company's short term business objectives for the next 12 months are:

1. Successfully complete a \$3 million private placement which will be used to launch medical marijuana and launch hemp-based functional chews for pets in the US and Canadian market.
2. Enter the US and Canadian natural pet product market with a product line consisting of innovative hemp-based functional chews and supplemental products for pets.

The Company's long business objectives are:

1. For medical marijuana:



- a. Complete a \$2 million financing for construction of production facilities, grow to crop And obtain approval from Health Canada to be a licensed producer of medical marijuana.
  - b. Achieve commercial distribution of medical marijuana;
  - c. Increase its patient customer base annually through its marketing campaign;
  - d. As demand for the Product increases, seek to expand product capacity by adding growing rooms through the addition of mezzanine floors and increasing the facility footprint at an estimated cost of \$4.68 million, financed from internal or external sources of capital over a six year period; and
  - e. Perform ongoing research and development at an initial cost of 10% of sales.
2. For the natural pet market:
- a. Secure a new animal drug application for a cannabis-based pet medication sold via veterinary prescription in the pet medication market. It is intended this will aid the foundation for the Company's long-term strategy to secure a new animal drug application for a cannabis-based pet medication sold by a veterinary prescription in the \$13.8 billion pet medication market.

As the Company awaits the approval of its license application from Health Canada, it is looking at new opportunities with hemp nutrition.

In May 2015, the Company entered into an agreement with Wodema Industries Ltd. ("*Wodema*") to produce the company's proprietary hemp-based supplements and treats for pets. The agreement gives the Company proprietary rights for any production utilizing hemp, cannabis, or its derivatives at Wodema.

Wodema is a manufacturer of treats for the pet industry, doing business in Kelowna, BC Canada since 1996. Pursuant to the agreement, Wodema will provide the Company with manufacturing capacity to produce hemp-based chewable pet supplements, medication and treats. Wodema's US-approved plant gives the Company a currency advantage and a low-cost means of launching its own pet product line.

Initial product formulations have been produced and were launched at the PIJAC Pet Industry Show in Toronto on September 20<sup>th</sup> 2015 to the Canadian market. The company also introduced product concepts at the International Cannabis Business Exhibition in Los Angeles and plans to officially launch the new product line to the US market at the Global Pet Expo in Orlando in March of 2016.

Initially, the Company intends to market soft chews and supplements through direct, pet, natural health and veterinary channels in Canada and the US. Ultimately it hopes to market a cannabis-based animal drug after pilot trials and regulatory approvals have been satisfied. The Company has commenced trial runs for its hemp-based pet chews and secured CenterPoint Warehousing ("*CentrePoint*") in Kansas City, Missouri as its exclusive order fulfillment and distribution center. CenterPoint is a full service provider of warehousing, logistics, order-fulfillment and distribution services, serving the pet products industry for over 15 years. CenterPoint occupies just over 350,000 square feet in an underground USDA and FDA inspected warehouse facility that is certified food grade and meets all industry standards.

## **RESULTS OF OPERATIONS**

---

### *Six Months ended September 30, 2015 and Period ended September 30, 2014*

The Company incurred a loss and comprehensive loss of \$579,153 for the six months ended September, 2015, compared to \$1,360,664 for the period ended September 30, 2014. Some of the significant items comprising the loss for the six months ended September 30, 2015 were accounting and legal of \$88,799 (2014 - \$256,460), administrative and office of \$72,686 (2014 - \$90,994), consulting fees of \$70,912 (2014 - \$81,915), advertising and marketing of \$97,790 (2014 - \$32,250), management fees of \$30,000 (2014 - \$Nil), research of \$7,424 (2014 - \$20,705) and share based compensation of \$206,246 (2014 - \$Nil). The higher loss for the period ended September 30, 2014 resulted from increased accounting and legal of \$167,661 related to the Company's establishment of operations and listing on the CSE, which were offset by increased advertising and marketing during the six months ended September, 2015 of \$65,540 and non-cash share based compensation of \$206,246 (2014 - \$Nil).

In addition, during the period ended September 30, 2014, the Company incurred transaction costs totaling \$878,340 with respect to the Share Exchange Agreement.

The Company does not have any employees; all of its services are carried out by the directors and officers or by consultants retained on an as needed basis.

## **LIQUIDITY AND CAPITAL RESOURCES**

---

As at September 30, 2015, the Company had cash of \$8,987 and a working capital deficit of \$329,542, compared to cash of \$139,301 and working capital deficit of \$105,635 for the period ended September 30, 2015.

During the six months ended September 30, 2015, the Company did not raise any funds from the issuance of equity securities.

Subsequent to September 30, 2015, the Company entered into a loan agreement with First Pacific Enterprises Inc. ("First Pacific"), pursuant to which First Pacific loaned the Company a total of \$60,000. First Pacific is a company controlled by the Company's CEO. The loan is due on April 30, 2016 and bears interest at a rate of 10% per annum. First Pacific has the right to convert all or any portion of the loan into units of the Company at the conversion price of \$0.105 per unit. Each unit would consist of one common share of the Company and one half of one share purchase warrant, with each full warrant being exercisable into an additional common share of the Company at a price of \$0.15 for a period of two years.

The Company estimates that it will require approximately \$500,000 to fund its general and administrative expenses for the next twelve months. The current cash and cash equivalents are not sufficient to meet the cash requirements for the next twelve months. The Company will require additional financing to fund its administrative expenses.

The Company has no further funding commitments or arrangements for additional financing at this time and there is no assurance that it will be able to obtain any additional financing on terms acceptable to it, if at all. Any additional funds raised will be used for general and administrative expenses and for the development of its business. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise.

## **RELATED PARTY TRANSACTIONS**

---

During the six months ended September 30, 2015 and the period ended September 30, 2014, the Company:

1. Paid or accrued a total of \$30,000 (2014 - \$Nil) to its Chief Executive Officer for management fees;
2. Paid or accrued a total of \$12,000 (2014 - \$Nil) to its Chief Financial Officer for accounting fees; and
3. Paid or accrued a total of \$3,750 (2014 - \$Nil) in directors' fees.

As at September 30, 2015, the Company is indebted to its Chief Executive Officer in the amount of \$68,183 (2014 - \$nil) for management fees and expenses paid on the Company's behalf, to its Chief Financial Officer in the amount of \$12,000 (2014 - \$nil) for accounting fees and expenses paid on the Company's behalf and \$10,810 (2014 \$nil) in director's fees and expense reimbursement to the Company's other directors. The amounts are unsecured, non-interest bearing with no scheduled terms of repayment.

## **SHARE CAPITAL**

---

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred non-voting shares without par value. As of November 27, 2015, the total number of issued and outstanding common shares was 39,796,6630 common shares and there were nil preferred non-voting shares.

During the Six months ended September, 2015, the Company did not issue any securities. During the period ended September 30, 2014, the Company issued the following securities:

1. On April 24, 2014, the Company completed a private placement of 2,950,000 common shares at a price of \$0.01 per share for gross proceeds of \$29,500.
2. On May 6, 2014, the Company completed a private placement of 1,666,666 units at a price of \$0.03 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one share purchase warrant, with each warrant being exercisable into one common share at a price of \$0.20 per share for a period of two years.
3. On May 23, 2014, the Company issued 25,000,000 with a fair value of \$750,000 in accordance with the Share Exchange Agreement. The Company also issued 550,000 common shares with a fair value of \$16,500 as finder's fee shares associated with the Share Exchange Agreement.
4. On May 25, 2014, the Company completed a private placement of 4,200,000 units at a price of \$0.05 per unit for gross proceeds of \$210,000. Each unit consists of one common share and one share purchase warrant, with each warrant being exercisable into one common share at a price of \$0.20 per share for a period of two years.
5. On June 24, 2014, the Company completed a private placement of 1,420,000 units at a price of \$0.25 per unit for gross proceeds of \$355,000. Each unit consists of one common share and one half of one share purchase warrant, with each full warrant being exercisable into one common share at a price of \$0.40 per share for a period of two years. The Company incurred cash share issue costs of \$33,645 associated with this private placement and issued 142,000 broker's warrants, with each warrant being exercisable into one common share at a price of \$0.25 for a period of two years.

The Company had the following share capital transaction during the six month period ended September 30, 2015:

1. On August 11, 2015, the Company completed a private placement by issuing 1,550,000 units at a price of \$0.08 per unit for gross proceeds of \$124,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at \$0.15 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering completed.
2. On September 24, 2015, the Company issued 240,000 common shares with a fair value of \$24,000 for past consulting services provided. The amount had been accrued as a commitment to issue shares as at March 31, 2015.
3. On September 24, 2015, the Company issued 50,000 common shares with a fair value of \$5,000 pursuant to a debt settlement agreement.

Share subscriptions received:

During the six month period ended September 30, 2015, the Company received \$20,000 towards a future financing to be completed. The terms of the financing have not yet been completed. Subsequent to September 30, 2015, the Company received an additional \$5,000 towards the financing.

*Warrants*

As at September 30, 2015 the following warrants are outstanding:

	Number of Warrants	Exercise Price ( \$ )	Expiry Date
Warrants	1,666,666	0.20	May 6, 2016
Warrants	4,200,000	0.20	May 25, 2016
Warrants	1,183,333	0.25	October 23, 2016
Broker warrants	236,661	0.15	October 23, 2016
Warrants	336,667	0.25	February 2, 2017
Broker warrants	39,000	0.15	February 2, 2017
Warrants	1,550,000	0.15	August 11, 2017
	<b>9,212,327</b>		

*Stock options*

As at September 30, 2015 the following stock options are outstanding:

	Number of Options	Exercise Price ( \$ )	Expiry Date
Stock options	3,750,000	0.10	March 19, 2017
	<b>3,750,000</b>		

## FINANCIAL INSTRUMENTS

---

### *Fair Value*

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

- (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- (b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- (c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of accounts payable and accrued liabilities and due to related parties approximates their fair value because of the short-term nature of these instruments.

The fair values of cash and marketable securities are measured based on level 1 inputs of the fair value hierarchy.

### *Risk*

The Company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of September 30, 2015:

#### *Credit risk*

Credit risk refers to the risk that another entity will default on its contractual obligations which will result in a loss for the Company. At September 30, 2015, the Company's maximum exposure to credit risk was the carrying value of cash. The Company limits its credit exposure on cash by holding its deposits mainly with Canadian chartered banks.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting future obligations with financial liabilities. The Company is exposed to this risk mainly in respect to finance future growth. As at September 30, 2015, the Company has cash of \$8,987 to settle current liabilities of \$380,177.

#### *Currency risk*

The Company is not exposed to any currency risk as of September 30, 2015.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risk from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is not at risk as of September 30, 2015.

## **CHANGES IN ACCOUNTING POLICIES**

---

### *New standard not yet adopted*

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

## **OFF-BALANCE SHEET ARRANGEMENTS**

---

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

## **SUBSEQUENT EVENTS**

---

Subsequent to September 30, 2015, the Company entered into a loan agreement with First Pacific Enterprises Inc. ("First Pacific"), pursuant to which First Pacific loaned the Company a total of \$60,000. First Pacific is a company controlled by the Company's CEO. The loan is due on April 30, 2016 and bears interest at a rate of 10% per annum. First Pacific has the right to convert all or any portion of the loan into units of the Company at the conversion price of \$0.105 per unit. Each unit would consist of one common share of the Company and one half of one share purchase warrant, with each full warrant being exercisable into an additional common share of the Company at a price of \$0.15 for a period of two years.

True Leaf Medicine International Ltd. has entered into negotiations with a European co-packer manufacturer of pet products, secured a European supply of hemp and is reviewing prospective firms to represent the company in Europe. Mr. Narcisse Kayser, former international sales manager for ANF pet foods, has been hired by the company to help manage the initial European strategy. With three brands, True Love™, True Spirit™ and True Calm™, the True Leaf European product line will follow the same format as in North America, where the line is now on sale, but will incorporate European-grown hemp along with other active ingredients sourced in Europe. Distribution will be fulfilled through third party logistics companies and serviced from proprietary manufacturing facilities located within the European Union.

## **APPROVAL**

---

The Company's Board of Directors has approved the disclosures in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **ADDITIONAL INFORMATION**

---

Additional information concerning the Company and its operations is available on SEDAR at **Error! Hyperlink reference not valid.**