NORTHERN LIGHTS MARIJUANA COMPANY LIMITED
Interim condensed financial statements

For the three months ended June 30, 2017 and 2016
(In Canadian Dollars)

Statements of Financial Position

(Expressed in Canadian Dollars)

		June 30, 2017 (Unaudited)		March 31, 2017 (Audited)
Assets				
Current assets				
Cash	**$**	**4,599,490**	$	1,896,364
Short-term investment		**1,300**		1,300
Accounts receivable		**3,749**		3,749
Subscriptions receivable *(note 5)*		**80,000**		347,500
Other receivables		**111,966**		85,723
Prepaid expenses		**7,250**		-
		4,803,755		2,334,636
Biological assets		**24,000**		-
Property and equipment *(note 4)*		**2,454,954**		2,448,212
	$	**7,282,709**	$	4,782,848
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**304,885**	$	203,962
Current portion of mortgage payable *(note 7)*		**14,883**		13,387
		319,768		217,349
Mortgage payable *(note 7)*		**577,346**		582,114
		897,114		799,463
Shareholders' equity				
Share capital *(note 5)*		**7,368,580**		4,451,420
Contributed surplus *(note 5)*		**938,155**		645,228
Warrant reserve *(note 5)*		**115,151**		115,151
Deficit		**(2,036,291)**		(1,228,414)
		6,385,595		3,983,385
	$	**7,282,709**	$	4,782,848

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

Nature of operations *(note 1)*

On behalf of the Board

"William Trent Kitsch"
Director

"Jeffrey Barber"
Director

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
Revenue:		
Sales	**$ -**	$ 10,472
Rental income	**-**	-
Gross profit	-	10,472
Expenses:		
Rent	10,977	15,000
Advertising and promotion	48,000	-
Loss on change in fair value of derivative liability	-	2,362
Salaries and wages	96,497	-
Stock-based compensation *(note 5 and 6)*	292,927	-
Professional fees	2,741	5,073
Finance expense	332	6,779
Consulting fees	133,620	566
Utilities	1,602	2,284
Office expense	214,946	1,474
Vehicle	-	-
Travel	5,938	-
Finance income	(6)	(1)
Insurance	303	-
	807,877	33,537
Net loss and comprehensive loss	**$ (807,877)**	$ (23,065)
Net loss per share		
Basic and diluted	**$ (0.03)**	$ (0.00)
Weighted average shares outstanding	**26,897,954**	12,791,210

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

Statements of Changes in Shareholders' Equity
For the three months ended June 30, 2017 and 2016
(Expressed in Canadian Dollars)

	Share capital	Contributed surplus	Warrants	Deficit	Total
Balance, March 31, 2017	$ 4,451,420	$ 645,228	$ 115,151	$ (1,228,414)	$ 3,983,385
Shares issued for cash, net of issuance costs	2,907,160	-	-	-	2,907,160
Shares issued for services	10,000	-	-	-	10,000
Stock-based compensation	-	292,927	-	-	292,927
Net loss for the period	-	-	-	(807,877)	(807,877)
Balance, June 30, 2017	**$ 7,368,580**	**$ 938,155**	**$ 115,151**	**$ (2,036,291)**	**$ 6,385,595**
Balance, March 31, 2016	$ 12	$ -	$ -	$ (261,042)	$ (261,030)
Cancellation of shares	(12)	-	-	-	(12)
Shares issued for cash, net of issuance costs and redemptions	1,293	-	-	-	1,293
Net loss for the period	-	-	-	(23,065)	(23,065)
Balance, June 30, 2016	$ 1,293	$ -	$ -	$ (284,107)	$ (282,814)

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

Statements of Cash Flows
(Expressed in Canadian Dollars)

		Three months ended June 30, 2017 (Unaudited)		Three months ended June 30, 2016 (Unaudited)
Cash flow from operating activities				
Net loss	**$**	**(807,877)**	$	(23,065)
Add (deduct) items not involving cash				
Accretion and accrued interest		**-**		6,723
Loss on change in fair value of derivative liability		**-**		2,362
Stock-based compensation		**292,927**		-
Shares issued for services		**10,000**		-
Change in non-cash working capital				
Accounts receivable		**-**		950
Other receivables		**(26,243)**		54
Prepaid expenses		**(7,250)**		-
Accounts payable and accrued liabilities		**100,923**		3,979
		(437,520)		(8,997)
Cash flow from financing activities				
Private placement of shares, net of issuance costs		**2,907,160**		1,281
Receipt of subscriptions receivable		**267,500**		-
Proceeds from mortgages payable, net of repayments		**(3,272)**		-
		3,171,388		1,281
Cash flow from investing activities				
Investment in property and equipment		**(6,742)**		-
Purchase of biological assets		**(24,000)**		-
		(30,742)		-
Increase in cash		**2,703,126**		(7,716)
Cash, beginning of period		**1,896,364**		28,228
Cash, end of period	**$**	**4,599,490**	$	20,512

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

1. Nature of operations

Northern Lights Marijuana Company Limited ("NLMC" or the "Company") is a corporation existing under the BC Business Corporations Act. The Company's principal business activity is the cultivation and sale of medical cannabis. The Company is in the development stage and has not yet earned any revenues from sales of cannabis.

On August 23, 2017, the Company closed its reverse merger transaction with SG Spirit Gold Inc. ("SG").

These unaudited condensed interim consolidated financial statements were authorized for issued by the Board of Directors on August 28, 2017.

2. Basis of presentation

(a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

(c) Functional and presentation currency

The Company's functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

(d) Use of 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 revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

<u>Derivative liability</u>

Promissory notes are convertible on terms that include a preferential participation right that may result in a variable number of shares being issued and are considered a derivative liability measured at fair value.

The Company estimates the fair value at each reporting date using key assumptions including the probability of completing an equity raise by the Company and the expected quantum of participation rights exercised.

3. Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended March 31, 2017.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been released and have not been applied in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

The Company has yet to assess the impact of these standards. 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. Property and equipment

	Office furniture & equipment	Building and improvements	Total
Cost			
At March 31, 2016	$ -	$ -	$ -
Additions	46,385	2,401,827	2,448,212
At March 31, 2017	$ 46,385	$ 2,401,827	$ 2,448,212
Additions	6,742	-	6,742
At June 30, 2017	**$ 53,127**	**$ 2,401,827**	**$ 2,454,954**
Accumulated depreciation			
At March 31, 2016	$ -	$ -	$ -
Expense for the year	-	-	-
At March 31, 2017	$ -	$ -	$ -
Expense for the period	-	-	-
At June 30, 2017	**$ -**	**$ -**	**$ -**
Net book value			
At March 31, 2016	$ -	$ -	$ -
At March 31, 2017	$ 46,385	$ 2,401,827	$ 2,448,212
At June 30, 2017	**$ 53,127**	**$ 2,401,827**	**$ 2,454,954**

As at June 30, 2017, the property and equipment were not in use, and therefore no depreciation has been taken. During the three months ended June 30, 2017, the Company recorded $6,742 of capitalized interest in building and improvements.

5. Shareholders' equity

Authorized share capital

Class A Common Shares – voting – unlimited
Class B Common Shares – voting – unlimited
Class C Common Shares – voting – unlimited
Class D Common Shares – non-voting – unlimited
Class E Common Shares – non-voting – unlimited
Class F Common Shares – non-voting – unlimited
Class G Preferred Shares – non-voting – unlimited
Class H Preferred Shares – non-voting – unlimited
Class I Preferred Shares – non-voting – unlimited
Class J Preferred Shares – non-voting – unlimited
Class K Preferred Shares – non-voting – unlimited

Outstanding share capital

	Number of shares		Amount
Balance, March 31, 2016	120	$	12
Cancellation of shares	(120)		(12)
Class A common shares issued for cash, net of issuance costs	27,925,343		3,943,916
Redemption and cancellation of Class A common shares	(2,933,333)		(293)
Class A common shares issued for services	198,213		62,797
Subscriptions receivable	772,223		347,500
Conversion of promissory notes	464,286		97,500
Balance at March 31, 2017	26,426,732	$	4,451,420
Shares issued for cash, net of issuance costs	3,385,741		2,907,160
Shares issued for services	11,111		10,000
Balance at June 30, 2017	**29,823,584**	**$**	**7,368,580**

During the three months ended June 30, 2017, the Company issued 3,385,741 Class A common shares at $0.90 per share, for gross proceeds of $3,047,167 and incurred share issuance costs of $140,007.

During the three months ended June 30, 2017, the Company issued 11,111 Class A common shares to settle debts arising from services rendered that were valued at $10,000.

During the year ended March 31, 2017, the Company issued 12,933,333 Class A common shares at $0.0001 per share, for gross proceeds of $1,293. In conjunction with the share issuance, the original 120 Class A common shares outstanding were returned to treasury and subsequently cancelled. Of these Class A common shares issued, 2,933,333 were redeemed and cancelled at a price of $0.0001 per share in October 2016.

In November 2016, the Company issued 6,616,681 Class A common shares for gross proceeds of $1,701,504. As part of the issuance, $97,500 of the convertible promissory notes payable elected to be converted into shares and $186,000 was transferred to share capital as the fair value of the derivative liability, less $17,000 of share issuance costs.

In February 2017, the Company issued 5,943,105 units at $0.18 per unit, each consisting of one Class A common share and one warrant exercisable at $0.45 per share for gross proceeds of $1,069,759. The warrants expire 24 months from the date of issuance and had a fair value of $115,151.

In March 2017, the Company received gross proceeds $1,303,429 in cash and $347,500 in subscriptions receivable from the issuance of 3,668,733 Class A common shares. During the three months ended June 30, 2017, the Company collected $267,500 of subscriptions receivable.

During the year ended March 31, 2017, the Company issued 198,213 Class A common shares to settle debts arising from services rendered that were valued at $62,797, of which $22,797 were from a related party.

Warrants

Each warrant entitles the holder to purchase a Class A common share at a set price and is exercisable at the option of the holder for a set period of time.

The Company did not issue any warrants during the three months ended June 30, 2017.

During the year ended March 31, 2017, the Company issued 5,943,105 warrants as part of a private placement offering. The warrants are exercisable at $0.45 for Class A common shares, with an expiry of 2 years from the date of issuance. The fair value of these warrants was $115,151. As at June 30, 2017, these warrants had a remaining life of 1.88 years.

The fair value of the warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	June 30, 2017	March 31, 2017
Volatility	**n/a**	70%
Risk-free interest rate	**n/a**	0.73%
Expected life (years)	**n/a**	2.00
Dividend yield	**n/a**	Nil
Forfeiture rate	**n/a**	0%
Share price	**n/a**	$0.16

Performance Warrants

During the three months ended June 30, 2017, the Company issued performance warrants to certain employees. These performance warrants are exercisable at prices ranging from $0.45 to $0.90 for Class A common shares, with an expiry of 3 years from the date of issuance. Vesting conditions are based on the Company achieving certain milestones, such as obtaining certain licenses from Health Canada and cumulative sales volume. The Company recognized $292,927 (2016 - $nil) in stock-based compensation with respect to performance warrants during the period.

The fair value of each group of performance warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	June 30, 2017	March 31, 2017
Volatility	**70%**	70%
Risk-free interest rate	**0.85% to 1.23%**	0.56% to 0.76%
Expected life (years)	**5.0**	3.0
Dividend yield	**Nil**	Nil
Forfeiture rate	**0% to 100%**	0% to 100%
Share price	**$0.90**	$0.30

The following table presents information related to performance warrants at June 30, 2017:

Weighted average exercise price	**Number of Options**	**Weighted average remaining life (years)**	**Vested**
$0.0001	3,081,333	2.25	-
$0.18	1,000,000	2.51	-
$0.30	150,000	2.42	-
$0.45	135,000	4.84	-
$0.90	135,000	4.92	-
Balance at June 30, 2017	**4,501,333**	**2.47**	**-**

6. Related party transactions

(a) The Company was indebted to officers of the Company in the amount of $nil at June 30, 2017 (2016 - $nil).
(b) Key management includes directors and officers of the Company. Total compensation paid to key management for the year was $248,162 (2016 - $nil), of which $248,162 (2016 - $nil) was stock-based compensation.

7. Mortgage payable

The mortgage bears interest at 4.5% per annum, is payable in monthly instalments of $3,338, and is due November 1, 2020. The mortgage payable is secured by a first charge over certain specified properties. The Company capitalized interest on mortgages payable of $6,742 for the three months ended June 30, 2017 (2016 - $nil).

8. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued share capital and accumulated deficit, as well as convertible promissory notes payable and due to related parties.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through issuance of shares and convertible promissory notes payable.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

9. Financial instruments and risk management

Financial instruments

The Company has classified its cash and derivative liability as fair value through profit and loss ("FVTPL"), accounts receivable and other receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties, convertible promissory notes payable and mortgage payable as other financial liabilities.

The carrying values of cash, accounts receivable, other receivables, due to related parties, accounts payable and accrued liabilities and convertible promissory notes payable approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3 – inputs for assets and liabilities not based upon observable market data

Financial risk factors

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

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company's cash is held at a major Canadian bank. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1). All of the Company's financial liabilities are due within one year except for the derivative liability.

(c) Interest rate risk

The Company is subject to interest rate risk from its convertible promissory notes payable and mortgage payable, which are all currently fixed rate instruments.

10. Subsequent event

Reverse acquisition

On February 10, 2017, the Company signed a definitive amalgamation agreement with SG (the "Definitive Agreement"). Pursuant to the terms of the Definitive Agreement, SG acquired all of the issued and outstanding securities of the Company (the "Transaction").

On April 28, 2017, the Agreement was amended as agreed upon by all parties. The Transaction closed on August 3, 2017. In accordance with the terms of the amended Definitive Agreement, the Company amalgamated with a wholly-owned subsidiary of SG, following which the resulting amalgamated entity became as a wholly-owned subsidiary of SG. Following a consolidation of the outstanding common shares of SG on a 1-for-3 basis, as consideration for completion of the Transaction, the current holders of the Company's Class A common shares were issued 1.8 post-consolidated common shares of SG, in exchange for every share of the Company they held. Existing dilutive securities of the Company were exchanged for dilutive securities of SG, on substantially the same terms, and applying the same exchange ratio.

Prior to closing, SG applied to list its common shares for trading on the CSE and voluntarily delisted its shares from the TSX Venture Exchange. On closing of the Transaction, SG changed its name to "DOJA Cannabis Company Limited". On August 3, 2017, the Company closed the Transaction and on August 9, 2017, the common shares of DOJA Cannabis Company Limited began trading on the CSE under the symbol "DOJA".