NEW AGE FARM INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDEDMARCH 31, 2018

(Expressed in Canadian dollars)

Index

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of New Age Farm Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Ben Bartch
Director

Vancouver, BC
May 30, 2018

NOTICE TO READERS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements for the three months period ended March 30, 2018 have not been reviewed by the Company's auditors.

NEW AGE FARM INC.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	March 31, 2018	December 31, 2017
Current		
Cash	$ 3,708,878	$ 2,370,660
Loan receivable (Note 14)	290,115	282,262
Due from related party	44,149	-
	4,043,142	2,652,922
Deposit on acquisition (Note 13)	-	64,430
Property, plant and equipment (Note 4)	68,354	68,354
Total assets	$ 4,111,496	$ 2,785,706
Current		
Accounts payable (Note 6)	$ 9,125	$ 61,620
Accrued liabilities (Note 6)	312,000	328,250
Current portion of note payable (Note 10)	8,375	8,375
Due to related parties (Note 11)	964,028	1,062,950
	1,293,528	1,461,195
Long term portion of note payable (Note 10)	72,012	70,643
Total liabilities	1,365,540	1,531,838
Shareholders' equity		
Shares capital (Note 7)	32,608,257	25,367,943
Shares to be issued	-	125,000
Contributed surplus and reserves	4,302,851	5,916,788
Deficit, per accompanying statement	(34,165,152)	(30,155,863)
Total shareholders' equity	2,745,956	1,253,868
Total liabilities and shareholders' equity	$ 4,111,496	$ 2,785,706

Nature and continuance of operations (Note 1) and **Subsequent events** (Note 15)

Approved on behalf of the Board on May 30, 2018:

"Ben Bartch"
Director – Ben Bartch

"Carman Parente"
Director – Carman Parente

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

NEW AGE FARM INC.
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Operations
(expressed in Canadian dollars)
For Three Months Ended

	March 31, 2018	March 31, 2017
Sales	$ 8,017	$ -
Cost of goods sold	(17,755)	-
	(9,738)	-
Interest income	9,288	-
	(450)	-
Expenses		
Advertising & promotion	391,353	503,655
Amortization	-	44,027
Bank charges	1,826	664
Consulting (Note 6)	477,253	726,130
Directors' fees (Note 6)	27,100	27,000
Foreign exchange (gain)/loss	(11,153)	1,564
Insurance	-	463
Interest	1,708	-
Office and miscellaneous	9,477	1,633
Professional fees	6,732	6,707
Utility & property taxes	2,477	369
Telephone	498	426
Transfer agent, listing & filing fees	4,916	1,735
Travel	33,377	20
Shares based payments (Note 7)	-	2,140,000
	945,564	3,454,393
Other income (expense)		
Gain (loss) on settlements of debts	37,901	-
Write off of unidentifiable assets on acquisition (Note 12)	(3,101,176)	-
Total income (expenses)	(4,008,839)	-
Loss for the period	(4,009,289)	(3,454,393)
Foreign currency translation adjustment	(4,363)	-
Comprehensive loss for the period	$ (4,013,652)	$ (3,454,393)
Loss per share	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding	199,386,190	110,916,428

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

NEW AGE FARM INC.
Consolidated Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

	Number of Shares	Share Capital & subscribed	Contributed Surplus* & Reserves	Shares to be issued	Deficit	Shareholders' Equity
Balance, December 31, 2016	**106,063,317**	**$ 11,489,954**	**$ 2,433,148**	**$ -**	**$ (12,597,917)**	**$ 1,325,185**
Exercise of warrants	7,990,000	695,750	-	-	-	695,750
Fair value of warrants transferred	-	556,240	(556,240)	-	-	-
Exercise of options	3,700,000	481,000	-	-	-	481,000
Fair value of options transferred	-	444,000	(444,000)	-	-	-
Shares issued for services	500,000	57,500	-	-	-	57,500
Shares based payments, options granted and warrants issued	-	-	2,140,000	-	-	2,140,000
Subscription receivable	-	(91,000)	-	-	-	-
Shares to be issued	-	255,000	-	-	-	-
Loss for the period	-	-	-	-	(3,454,393)	(3,454,393)
Balance, March 31, 2017	**118,253,317**	**13,888,444**	**3,572,908**	**-**	**(16,052,310)**	**1,409,042**
Exercise of warrants	15,688,000	1,986,850	-	-	-	1,986,850
Fair value of warrants transferred	-	1,323,870	(1,323,870)	-	-	-
Exercise of options	36,900,000	4,203,000	-	-	-	4,203,000
Fair value of options transferred	-	3,800,580	(3,800,580)	-	-	-
Shares issued for services	276,260	22,268	-	-	-	22,268
Shares issued to settle debts	4,000,000	390,000	-	-	-	390,000
Subscription receivable	-	7,931	-	-	-	7,931
Shares based payments, options granted and warrants issued	-	-	7,468,330	-	-	7,468,330
Shares to be issued	-	(255,000)	-	125,000	-	(130,000)
Loss for the period	-	-	-		(14,103,553)	(14,103,553)
Balance, December 31, 2017	**175,117,577**	**25,367,943**	**5,916,788**	**125,000**	**(30,155,863)**	**1,253,868**
Exercise of warrants	14,328,353	2,151,671	-	(125,000)	-	2,026,671
Fair value of warrants transferred	-	1,436,349	(1,436,349)	-	-	-
Exercise of options	1,750,000	212,500	-	-	-	212,500
Fair value of options transferred	-	173,225	(173,225)	-	-	-
Subscription receivable		216,569	-	-	-	216,569
Shares issued in acquisition of subsidiary	10,000,000	3,050,000	-	-	-	3,050,000
Adjustment	4	-	-	-	-	-
Foreign currency translation adjustment	-	-	(4,363)	-	-	(4,363)
Loss for the period	-	-	-	-	(4,009,289)	(4,009,289)
Balance, March 31, 2018	**201,195,934**	**$ 32,608,257**	**$ 4,302,851**	**$ -**	**$ (34,165,152)**	**$ 2,745,956**

*Contributed surplus consists of fair values of stock options and warrants.

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

NEW AGE FARM INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

For Year Ended		March 31, 2018		March 31, 2017
Cash flows from (used in)				
Operating activities				
Net loss for the period	$	(4,009,289)	$	(3,454,393)
Items not affecting cash:				
Amortization		-		44,027
Loss (Gain) on settlements of debts		(37,901)		-
Shares issued for services		-		57,500
Write off of unidentifiable assets on acquisition of subsidiary		3,101,176		-
Shares based payments		-		2,140,000
		(946,014)		(1,212,866)
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities		(30,845)		70,371
Net cash used in operating activities		(976,859)		(1,142,495)
Investing activities				
Loan receivable		(7,853)		-
Deposit on acquisition		64,430		-
Due from related party		(38,516)		-
Cash acquired from subsidiary		5,776		-
Purchase of property, plant and equipment		-		(31,465)
Net cash used in investing activities		23,837		(31,465)
Financing activities				
Loans payable		-		(50,000)
Note payable		1,369		(2,645)
Due to related parties		(161,507)		(25,151)
Subscription receivable		216,570		-
Shares to be issued		-		255,000
Exercise of stock options		212,500		390,000
Exercise of warrants		2,026,671		695,750
Net cash provided from financing activities		2,295,603		1,262,954
Increase in cash and cash equivalents during the period		1,342,581		88,994
Effect of exchange rate on cash		(4,363)		
Cash and cash equivalents, beginning of the period		2,370,660		562,585
Cash and cash equivalents, end of the period	$	3,708,878	$	651,579
Interest paid	$	1,708	$	-
Income tax paid	$	-	$	-
Non-cash Transactions:				
Issuance of shares to settle debts and for services	$	-	$	57,500
Fair value of warrants and stock options reallocated	$	1,609,574	$	1,000,240

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

1. NATURE AND CONTINUANCE OF OPERATIONS

New Age Farm Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014. The Company listed its common shares on the Canadian Securities Exchange and began trading under the symbol NF on August 18, 2014. The Company's principal business is the provisions of a property rental service and a development of real estate property and facility.

The registered address, head office, principal address and records office of the Company are located at Suite 106 – 1641 Lonsdale Avenue, North Vancouver, British Columbia, Canada, V7M 2J5.

On August 31, 2016, the Company and NHS Industries Ltd. ("NHS", its wholly-owned subsidiary) entered into an arrangement agreement whereby the Company would spin-off NHS, together with all its assets and liabilities, as a separate operating entity and NHS would operate the Company's farm property located in Langley, British Columbia (the "Arrangement"). The Company would continue to operate its real estate and farm properties in Washington State in USA. In return, following completion of the Arrangement, shareholders of the Company would hold one new share in the capital of the Company and its pro–rata share of the post-consolidation NHS shares to be distributed under the Arrangement for each currently held New Age Farm share. The board of directors of the Company has set the share distribution record date of the Plan of Arrangement at close of business on November 30, 2016. The Company further determined the effective date of the spin-off to be at December 31, 2016. Therefore, these consolidated financial statements have de-recognized all of NHS' assets and liabilities at its year-end date of December 31, 2016. For the consolidated statements of operations and comprehensive loss and the consolidated statements of cash flows, discontinued operations has been separately disclosed from the continued operations. The Company completed the distribution of NHS shares during the year ended December 31, 2017.

At March 31, 2018, the Company had not yet achieved profitable operations, has accumulated losses of $34,165,152 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance, Consolidation and Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, New Age Farm Washington, LLC and We Are Kured, LLC. All inter-company transactions and balances have been eliminated in the unaudited condensed interim consolidated financial statement presentation. These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

(b) Revenue recognition

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

Revenues from the sale of We Are Kured products are recognized when the products are delivered.

(c) Foreign currency translation

<u>Transactions and Balances in Foreign Currencies</u>

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

<u>Foreign operations</u>

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

(d) Financial instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's unaudited condensed interim financial statements.

As a result of the adoption of IFRS 9, The Company's accounting policy for financial instruments under IFRS 9 has been updated as follows:

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Financial instruments** (continued)

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at:

(i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at amortized cost with subsequent impairments recognized in the statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Impairment and uncollectibility of financial assets

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 is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the unaudited condensed interim financial statements as of the date of initial application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents are valued at FVTPL, accounts receivable, due from related parties, accounts payable and accrued liabilities, securities deposit and mortgages payable are valued at amortized cost.

The Company's financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash	Fair value through profit or loss
Loan receivable and due from related party	Amortized costs

Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related parties and loans and note payable	Other financial liabilities

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Share based Compensation**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(f) **Property, plant and equipment and deferred expenditures**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Motor vehicle and tractor	-	30% declining balance
Deferred costs	-	Over term of lease with tenants

An item of property, plant and equipment and deferred expenditures is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment and deferred costs consist of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and deferred expenditures. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(h) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS 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 the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment, valuation of share-based payments and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Determination of functional currency</u>
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Income taxes</u>
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Valuation of share-based payments</u>
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(expressed in Canadian dollars)

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) **Future accounting changes**

IFRS 16 - *Leases*
IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1, 2019.

The Company does not expect any financial impact from the adoption of the above new standard.

3. **INVESTMENT IN NHS**

As at December 31, 2016, pursuant to the Arrangement (Note 1), the Company de-recognized all of NHS's assets and liabilities as result of the spin-off and realized gain of $439,799 on a disposal of NHS during the year ended December 31, 2016. The Company also determined that there was a permanent impairment of its investment in NHS and wrote it down by $3,441,341 to $1. The Company completed the distribution of NHS shares during the year ended December 31, 2017.

4. **PROPERTY, PLANT AND EQUIPMENT**

	March 31, 2018				
	Cost	Additions/ Disposal	Accumulated Amortization	Write-off	Net Carrying Amount
Sumas Property	$ 68,353	$ -	$ -	$ -	$ 68,353
Sumas Facility	131,256	-	-	(131,256)	-
Oroville Property	154,308	-	-	(154,307)	1
Oroville Facility	788,431	110,130	(154,371)	(744,190)	-
Tractor	30,000	(14,700)	(15,300)	-	-
	$ 1,172,348	$ 95,430	$ (121,341)	$ (1,029,753)	$ 68,354

	December 31, 2017				
	Cost	Additions/ Disposal	Accumulated Amortization	Write-off	Net Carrying Amount
Sumas Property	$ 68,353	$ -	$ -	$ -	$ 68,353
Sumas Facility	131,256	-	-	(131,256)	-
Oroville Property	154,308	-	-	(154,307)	1
Oroville Facility	788,431	110,130	(154,371)	(744,190)	-
Tractor	30,000	(14,700)	(15,300)	-	-
	$ 1,172,348	$ 95,430	$ (121,341)	$ (1,029,753)	$ 68,354

During the year ended December 31, 2017, due to the uncertainty in earning rental income from its first tenant, to be shared with its 50% co-owner, the Company determined that there is impairment to the Sumas Facility and wrote off $131,256 costs of Sumas Facility to $Nil.

The Company incurred $744,190, net of amortization (2016 - $788,431) of expenditures for building a facility on the Oroville Property as at December 31, 2017. During the year-ended December 31, 2017, the Company decided to discontinue its investment and look for a buyer of the Oroville Property.

(expressed in Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended December 31, 2017, due to the uncertainty in earning rental income from its first tenant and difficulty in seeking a potential buyer for the Oroville Property, the Company determined that there is an impairment to the Oroville Property and Facility, and wrote off $154,307 costs of Oroville Property and $744,190 costs of Oroville Facility to $Nil.

5. DEFERRED COSTS

The Company has incurred expenditures in acquiring the tenants on its Sumas Property and on its Oroville Property as below:

- Sumas Property: 3,000,000 common shares were issued at fair value of $0.15 per share for total value of $450,000 to acquire a tenant on the Sumas Property in 2015;
- Oroville Property: 3,000,000 common shares were issued at fair value of $0.15 per share for total value of $450,000 to acquire a tenant on the Oroville Property in 2015 and cash payment for $19,403 was made to acquire this tenant as at December 31, 2016.

The Company would start amortize these expenditures over the lease terms of the tenant agreement once the facility on each property has been completed. During the year ended December 31, 2017, the Company has completed its facility on the Oroville property and started amortization on a straight line basis over 5 years. During the year ended December 31, 2017, amortization of deferred costs on the Oroville Property was $85,907 (December 31, 2016 - $Nil). Due to the uncertainty in realizing future benefit from this intangible property, the Company decided to write off the remaining balance of $383,497 of the Oroville Property acquisition cost to $Nil as at December 31, 2017.

The Company also determined to write off $450,000 of the Sumas Property acquisition cost to $Nil due to the uncertainty in realizing any future benefit from this intangible property as at December 31, 2017.

6. RELATED PARTY TRANSACTIONS

For management compensation information for the period ended March 31, 2018, please refer to the table below:

Management compensation				Total Management
March 31 2017	**Consulting Fees**	**Director Fees**	**Share compensation**	**Compensation**
Carman Parente, CEO and director	$ 45,000	$ 6,000	$ 92,300	$ 143,300
Anthony Chan, CFO & Director	$ 22,500	$ 6,000	$ 127,800	$ 156,300
David Johnson, Director	$ -	$ 9,000	$ 156,900	$ 165,900
Lorraine Pike, Director	$ 13,753	$ 6,000	$ 99,400	$ 119,153
	$ 81,253	$ 27,000	$ 476,400	$ 584,653
March 31 2018				
Carman Parente, CEO and director	$ 45,000	$ 6,000	$ -	$ 51,000
Anthony Chan, CFO & Director	$ 16,562	$ 7,500	$ -	$ 24,062
David Johnson, Director	$ 7,083	$ 6,400	$ -	$ 13,483
Lorraine Pike, Director	$ 19,030	$ 7,200	$ -	$ 26,230
NHS Industries Ltd.	$ 18,000	$ -	$ -	$ 18,000
	$ 105,675	$ 27,100	$ -	$ 132,775

(expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

During the year ended March 31, 2018, the Company issued a total of Nil (2017 – 2,950,000) warrants as compensation to officers and directors at an exercise price of $Nil per share (2017 - $0.15 per share) over three years and these warrants were fair valued at $Nil per warrant (2017 - $0.142 per warrant) (Note 7(c)). Please also refer to Note 11 for other Due to/From related parties transactions.

As at March 31, 2018, the amounts owing to related parties are as below:

March 31 2018	Accounts Payable	Accrued liabilities Director Fees	Accrued liabilities Consulting Fees	Loans Payable
Carman Parente, CEO and director	$ -	$ 59,000.00	$ 225,000.00	$ -
Anthony Chan, CFO & Director	$ 1,750	$ -	$ -	$ -
David Johnson, Director	$ -	$ -	$ -	$ -
Lorraine Pike, Director	$ 7,375	$ -	$ 12,000.00	$ -
NHS Industries Ltd.	$ -	$ -	$ -	$ 910,420
Carman Parente, CEO and director	$ -	$ -	$ -	$ 53,608
	$ 9,125	$ 59,000	$ 237,000	$ 964,028

7. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value
Issued : 201,195,934 common shares (2017: 175,117,577 common shares)

During the year ended December 31, 2017, 23,678,000 warrants at exercise prices ranging from $0.05 to $0.24 per share were exercised for total proceeds of $2,682,600. Fair value of these warrants of $1,880,110 was also re-allocated from contributed surplus to share capital.

During the year ended December 31, 2017, 40,600,000 options at exercise price ranging from $0.095 to $0.14 were exercised for total proceeds of $4,684,000. Fair value of these options of $4,244,580 was also re-allocated from contributed surplus to share capital.

During the year ended December 31, 2017, 776,260 common shares were issued at fair value ranging from $0.065 to $0.15 per share to a director as compensation for his acceptance as a new director of the Company and for payment of his director fees (See Note 6). The Company also issued 3,000,000 common shares at fair value of $255,000 to settle loans due to NHS in the amount of $300,000 and recognized a gain on debt settlement of $45,000 (See Note 11). In addition, the Company also issued 1,000,000 common shares to settle debts of $105,000 owing to a service provider and recognized a gain on debt settlement of $15,000.

During the three months ended March 31, 2018, 14,328,353 warrants at exercise prices ranging from $0.10 to $0.20 per share were exercised for total proceeds of $2,151,671. Fair value of these warrants of $1,436,349 was also re-allocated from contributed surplus to share capital.

During the three months ended March 31, 2018, 1,750,000 options at exercise price ranging from $0.115 to $0.13 were exercised for total proceeds of $212,500. Fair value of these options of $173,225 was also re-allocated from contributed surplus to share capital.

During the three months ended March 31, 2018, 10,000,000 common shares at fair value of $3,050,000 were issued to acquire WAK.

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

(expressed in Canadian dollars)

7. **SHARE CAPITAL** (continued)

(b) Stock Options (continued)

During the year ended December 31, 2017, the Company granted incentive stock options to several external consultants of the Company to purchase up to an aggregate of 53,100,000 common shares in the capital stock of the Company. These options are exercisable from range of $0.095 to $0.29 per share, and will expire from range of February 3, 2019 to May 17, 2020. All options were fully vested at the date of grant. The fair value of these 53,100,000 stock options was determined to be $7,160,330 using the Black Scholes option pricing model with the assumptions at the time of grant of risk free interest rates of 0.72% to 1.68%, expected life of 2 to 3 years, expected volatility of 200% to 257%, forfeiture rate of 0% and a dividend rate of 0%.

(i) As at March 31, 2018, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
50,000	$0.05	September 8, 2019
750,000	$0.13	December 12, 2019
10,000,000	$0.29	December 29, 2019
250,000	$0.20	May 4, 2020
11,050,000	$0.25	

(ii) A summary of the status of the Company's stock options outstanding and exercisable as at March 31, 2018 and December 31, 2017, and changes during those years is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2016	300,000	0.18
Granted	53,100,000	0.15
Exercised	(40,600,000)	0.12
Balance, December 31, 2017	12,800,000	0.25
Granted	-	-
Exercised	(1,750,000)	0.12
Balance, March 31, 2018	11,050,000	0.28

(c) Warrants

During the year ended December 31, 2017, the Company issued 20,000,000 warrants to management and external consultants with each warrant to purchase one common share of the Company at exercise price ranging from $0.10 to $0.15 per share over 3 years. These warrants were issued as result of these parties agreeing to defer receiving payments for consultant fees until the Company was in cash flow position. These warrants were issued at a total fair value of $2,448,000 being credited to contributed surplus and was charged to operation as shares based payment using the Black Scholes option pricing model using the assumptions at the time of grant of risk free interest rates of 0.72% - 0.87%, expected life of 3 years, expected volatility of 252%-263%, forfeiture rate of 0% and a dividend rate of 0%. During the same year, 23,678,000 warrants had been exercised from $0.05 to $0.24 per share and a total fair value of $1,880,110 was reallocated to share capital from contributed surplus (Note 7(a)).

	Warrants Outstanding & Exercisable	Weighted Average Exercise Price
Balance, December 31, 2016	**29,476,882**	0.16
Granted	20,000,000	0.13
Exercised	(23,678,000)	0.11
Cancelled	(237,618)	0.20
Balance, December 31, 2017	**25,561,264**	0.17
Exercised	(14,328,353)	0.15
Balance, March 31, 2018	**11,232,911**	0.20

(expressed in Canadian dollars)

7. **SHARE CAPITAL** (continued)

(c) Warrants (continued)

Number of Shares	Exercise Price	Expiry Date
1,570,000	$0.15	April 15, 2020
3,272,911	$0.20	November 16, 2018
4,000,000	$0.24	November 27, 2019
2,390,000	$0.15	February 8, 2020
11,232,911	$0.20	

8. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, due to related parties, loan payable, notes payable, and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017 and the period ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS:

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
• Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

(expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK FACTORS:

(a) Fair values

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2018 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 3,708,878	$ -	$ -	$ 3,708,878
	$ 3,708,878	$ -	$ -	$ 3,708,878

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at March 31, 2018, the Company had cash of $3,708,878 to settle current liabilities of $1,293,528. The note payable of $72,012 is to be matured on October 30, 2025.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is susceptible to interest rate fair value risk on its note payables that bear fixed interest rates.

10. NOTE PAYABLE

On October 31, 2015, the Company entered into a secured note payable with the seller of the Oroville Property in an amount of US$78,000 (Note 4). During the period ended March 31, 2018, interest and principal of $1,708 (2017 - $Nil) and $829 (2017 - $2,645) was paid on this note respectively.

11. AMOUNTS DUE TO/FROM RELATED PARTIES

Amounts due to related parties as at March 31, 2018 comprised of two parties. All of the amounts due to related parties are non-interest bearing, non-secured with no fixed terms of repayment. The breakdown of the amount owing is as below:

NHS Industries Ltd.	$ 910,420
Private companies controlled by CEO	$ 53,608
Total due to related parties	$ 964,028

Subsequent to the period ended March 31, 2018, the Company repaid the full amount of loan to NHS (See Note 15). Refer to Note 6 and 7 for other related party transactions.

(expressed in Canadian dollars)

12. INVESTMENT IN WE ARE KURED, LLC

The Company completed the acquisition of We Are Kured, LLC ("WAK") on January 2, 2018 by issuing 10,000,000 common shares to the principal of WAK.

The acquisition of WAK does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 *Business Combination*. As a result, under IFRS, the transaction is being measured at the fair value of equity consideration issued to acquire these entities.

The value of net identified assets of these entities acquired in the acquisition is set out as follows:

Assets	$	11,409
Trade and other payables		(62,585)
Net liabilities assumed	$	(51,176)

Consideration	$	3,050,000
Net liabilities assumed		(51,176)
Unidentifiable assets acquired	$	3,101,176
Write off of unidentifiable assets acquired	$	(3,101,176)

13. DEPOSIT ON ACQUISITION

In December 2017, the Company entered into a share purchase agreement to purchase 100% interest in a company, We Are Kured, LLC ("WAK"), by issuing 10,000,000 common shares of the Company and making USD$150,000 cash payments. The Company made a deposit of $64,430 (USD$50,000) upon signing the agreement in December, 2017. On January 2, 2018, the Company made the remaining of US$100,000 cash payments and issued 10,000,000 common shares of the Company to complete the acquisition. (See Note 15).

14. LOAN RECEIVABLE

During the year ended December 31, 2017, the Company has loaned $380,180 (USD$300,000) to a third party. Due to uncertainty in collectability of some of a loan amount, the Company has made a reserve of $97,918 (USD$75,000) on this loan as at December 31, 2017. This loan is non-interest bearing, non-secured with no fixed terms of repayment.

15. SUBSEQUENT EVENT

The Company repaid the full amount of loans payable owing to NHS in the amount of $910,000 (See Note 11).