Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Organic Garage Ltd.
50 Akron Road, Unit B
Toronto, ON M8W 1T2

1.2 Executive Officer

For further information, please contact Matt Lurie, President and CEO, at (416) 201-3039.

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Organic Garage Ltd. (formerly Crestwell Resources Inc.) (the "Company") acquired all of the issued and outstanding shares of Organic Garage (Canada) Ltd. (formerly Organic Garage Ltd.) ("OG") pursuant to an Arrangement Agreement entered into between the companies on April 29, 2016 (the "Arrangement Agreement").

Pursuant to the terms of the Arrangement Agreement, immediately prior to the completion of the Arrangement, the Company completed a consolidation of the common shares on a one-for-four basis, which resulted in there being 9,842,956 common shares issued and outstanding. Not including a concurrent financing (the "Financing") completed by OG concurrently with the Arrangement, OG had 8,100,000 common shares issued and outstanding and no stock options or warrants. 1,000,000 shares were issued under the Financing at $0.40 per common share. Another 1,000,000 shares were issued as finders' fees.

The Arrangement was effected by way of a statutory plan of arrangement pursuant to the Business Corporations Act (British Columbia). Pursuant to the Arrangement Agreement and upon completion of the consolidation, the Company issued one common share for each OG share held immediately prior to the completion of the Arrangement, resulting in OG become the wholly owned subsidiary of the Company.

Prior to completion of the Arrangement, the Company changed its name to Organic Garage Ltd. Matt Lurie, president and sole shareholder of OG, continued as chief executive officer, president and director of the Company.

OG is an independent, Ontario-based natural and organic grocery chain with 2 stores operating through OG in the Greater Toronto Area. Its main business activities are selling natural and organic products to consumers through its retail network of store locations. OG was incorporated in 2005 and was born from a concept market that operated inside High Park in Toronto, Ontario. The market was used to test the idea of affordable natural and organic products and through its success, the first location in Oakville, Ontario was founded and opened in March of 2006.

OG is an expanding specialty retailer of natural and organic groceries. Its focus is on providing high-quality products at affordable prices. The goal is to generate long-term relationships with customers based on a transparent and honest approach by selling only natural and organic groceries that meet OG's strict ingredient standards and utilizing an efficient and flexible smaller-store format to offer affordable prices in a fun and inviting shopping environment. OG's core mission statement is to offer healthier options for less.

The Company applied for relisting on the Canadian Securities Exchange and began trading under the ticker symbol "OG" on October 24, 2016.

2.2 Acquisition Date

October 18, 2016.

2.3 Consideration

Pursuant to the Arrangement Agreement, the Company issued one post-consolidation common share for each OG share held immediately prior to the completion of the Arrangement, resulting in OG become the wholly owned subsidiary of the Company. 10,600,000 post-consolidation shares of the Company were issued to the shareholders of OG prior to the acquisition in consideration for all of the issued and outstanding shares of OG. 1,000,000 common shares were also issued to finders.

2.4 Effect on Financial Position

The Company began operating the business of OG through OG immediately upon the completion of OG, changing its business to the operation of organic grocery stores in the Greater Toronto Area from its previous business ventures.

Following the completion of the Arrangement, the Company applied to relist on the Canadian Securities Exchange (the "**CSE**") following its fundamental change of business, where it has been trading since October 24, 2016 under the ticker symbol "OG". The *pro forma* financial statements for the Company following the completion of the Arrangement, which were submitted to the CSE, are attached as Schedule "A".

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

The Arrangement was not a transaction with an informed person, associate or affiliate of the Company.

2.7 Date of Report

December 30, 2016

Item 3 Financial Statements and Other Information

The audited financial statements for the year ended January 31, 2015 and the year ended January 31, 2016, as well as the six-month period ended July 31, 2016, which financial statements were the basis of the financial disclosure upon which the Arrangement and the relisting of the Company were approved, are attached hereto as Schedules "B", "C" and "D" respectively.

SCHEDULE "A"

PRO FORMA FINANCIAL STATEMENTS

[SEE ATTACHED]

The following table sets out certain financial information for Crestwell Resources Inc. (the "Company") as at April 30, 2016 (denominated in Canadian dollars) and Organic Garage Ltd. ("OGL") as at July 31, 2016 (denominated in Canadian dollars), as well as pro forma consolidated financial information for the Resulting Issuer (denominated in Canadian dollars), after giving effect to the Acquisition as at July 31, 2016.

	The Company April 30, 2016	**OGL July 31, 2016**		**Pro forma adjustments**	**Resulting Issuer July 31, 2016**
CURRENT					
Cash and cash equivalents	1,644,560	-	b)	1,000,000	2,644,560
Subscription receipt funds held in escrow	-	902,650			902,650
Short term investments	-	200,000			200,000
Receivables	14,158	73,537			87,695
Inventory	-	1,154,898			1,154,898
Income taxes receivable	-	25,252			25,252
HST receivable	-	34,804			34,804
Prepaid expenses and deposits - current	-	231,356			231,356
	1,658,718	2,622,497			5,281,215
NON-CURRENT					
Property, plant and equipment	-	1,904,658	e)		1,904,658
Intangible asset	221,061	-			221,061
Prepaid expenses and deposits - non-current	-	77,766			77,766
Goodwill	-	-	a)	1,257,175	1,257,175
TOTAL ASSETS	1,879,779	4,604,921			8,741,875
CURRENT					
Bank indebtedness	-	64,314			64,314
Accounts payable and accrued liabilities	27,530	1,429,857	d)	100,000	1,557,387
Bank loans	-	228,510			228,510
Obligation under capital lease	-	178,714			178,714
Loan payable	-	-			-
Advances from shareholders	-	-			-
	27,530	1,901,395			2,028,925
LONG TERM					
Bank loans	-	246,300			246,300
Obligation under capital lease	-	437,346			437,346
Deferred tax liability	-	37,055			37,055
	27,530	2,622,096			2,749,626
SHAREHOLDERS' EQUITY					
Capital stock	2,894,524	200	a)	(200)	7,534,524
			a)	3,240,000	
			b)	1,000,000	
			c)	400,000	
Subscription receipts	-	902,650	a)	(902,650)	-
Contributed surplus	337,577	-			337,577
Retained earnings	(1,379,852)	1,079,975	a)	(1,079,975)	(1,879,852)
			c)	(400,000)	
			d)	(100,000)	
	1,852,249	1,982,825			5,992,249
TOTAL LIABILITIES & EQUITY	1,879,779	4,604,921			8,741,875

	April 30, 2016	July 31, 2016		Pro forma adjustments	July 31, 2016
SALES					
Sales	-	8,068,891			8,068,891
Interest income	4,823	-			4,823
	4,823	8,068,891			8,073,714
COST OF SALES					
Inventory - beginning of period	-	1,312,302			1,312,302
Purchases	-	5,803,415			5,803,415
Less: Inventory - end of period	-	(1,154,898)			(1,154,898)
	-	5,960,819			5,960,819
GROSS PROFIT	4,823	2,108,072			2,112,895
EXPENSES					
Administrative wages and benefits	-	312,271			312,271
Accounting and administration	9,000	-			9,000
Advertising and promotion	-	46,472			46,472
Business development	14,288	-			14,288
Consulting fees	11,500	-			11,500
Depreciation	-	145,518			145,518
Finder's fee	-		c)	400,000	400,000
Bank charges and merchant fees	-	97,373			97,373
Insurance	-	19,313			19,313
Interest on long-term debt	-	13,686			13,686
Interest on obligation under capital lease	-	17,171			17,171
Office and miscellaneous	1,258	34,266			35,524
Professional fees	31,617	43,445	d)	100,000	175,062
Regulatory and filing	4,488	-			4,488
Rent	2,000	436,948			438,948
Repairs and maintenance	-	58,619			58,619
Shareholder communication and promotion	8,000	-			8,000
Store supplies	-	73,871			73,871
Store wages & benefits	-	775,533			775,533
Telephone	-	10,265			10,265
Termination fee	-	-			-
Utilities	-	142,815			142,815
Vehicle	-	28,541			28,541
	82,151	2,256,107			2,838,258
LOSS BEFORE TAXES	(77,328)	(148,035)			(725,363)
PROVISION FOR INCOME TAXES					
Current	-	(25,252)			(25,252)
Deferred	-	37,055			37,055
NET LOSS	(77,328)	(159,838)			(725,363)

The accompanying unaudited pro forma consolidated financial statements have been prepared by management to show the effect of the proposed acquisition (the "transaction" or "acquisition") by Crestwell Resources Inc. ("Crestwell" or the "Company") of the shares of Organic Garage Ltd. ("OGL") on the basis of the assumptions and adjustments made by management as described in Note 2.

The pro forma consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and has been compiled from information derived from the audited consolidated financial statements of Crestwell as at and for the three months ended April 30, 2016 and the audited financial statements of OGL as at and for the six months ended July 31, 2016.

The unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position of the Company on the date of the completion of the proposed acquisition of OGL.

These unaudited pro forma consolidated financial statements should be read in conjunction with the financial statements of Crestwell and OGL and other disclosure of the Company in respect of the proposed acquisition transaction.

Completion of the transaction is subject to a number of conditions including, but not limited to approval by the shareholders of Crestwell and the Canadian Securities Exchange ("CSE").

2. Pro forma consolidated financial statements and adjustments

The unaudited pro forma consolidated financial statements give effect to the proposed acquisition as if it and the related matters described below had occurred on July 31, 2016.

Under the proposed transaction, Crestwell will acquire all of the issued shares of OGL such that OGL will become a wholly-owned subsidiary of the Company.

Immediately prior to the acquisition, Crestwell will complete a consolidation of its common shares on a 4 to 1 basis. Crestwell will then issue a total of 8,100,000 common shares (see note 2(a)) to the shareholder of OGL in consideration for acquiring the shares of OGL, following which it will have a total of 17,942,958 common shares issued and outstanding. See notes 2(b), and (c) for additional share issuances.

The following assumptions and adjustments were used to compile the pro forma consolidated financial statements:

(a) Crestwell will issue a total of 8,100,000 common shares to the shareholder of OGL in consideration for acquiring the shares of OGL. The 8,100,000 common shares issued are using a fair value of $0.40 per share (which is equal to the concurrent financing), or $3,240,000. As a result of the acquisition, the Company has recorded goodwill of $1,257,175 as follows:

Subscription receipt funds held in escrow	$ 902,650
Inventory	1,154,898
Other current assets	564,949
Property, plant, equipment and other	1,982,424
Goodwill	1,257,175
Accounts payable and accrued liabilities	(1,429,857)
Bank loans and leases and other	(1,192,239)
Value of 8,100,000 shares issued	$ 3,240,000

(b) As part of the acquisition agreement, OGL is required to complete a financing of a minimum of $1,000,000 at a price of $0.40 per common share. The investors in the financing will then participate in the 1:1 share exchange upon closing of the agreement.

(c) Upon completion of the transaction, a finders' fee of 1,000,000 common shares will be issued to parties who contributed to the negotiations of the acquisition. A fair value of $0.40 per share has been used, or $400,000.

(d) The Company has estimated that approximately $100,000 in professional fees and other regulatory costs will be incurred in connection with the transaction. A pro forma adjustment has been made to expense this amount along with a corresponding accrued liability.

(e) The Company has assumed the fair value of the property, plant and equipment approximates the carrying value for purposes of the pro forma. Upon final closing of the acquisition, the Company will assess actual fair value as needed.

transaction:

	Number of Shares	Amount
Crestwell (post consolidation 4 to1)	9,842,958	$ 2,894,524
OGL acquisition	8,100,000	3,240,000
OGL financing	2,500,000	1,000,000
Finders' fee	1,000,000	400,000
Total	21,442,958	$ 7,534,524

4. Income Taxes

The pro forma effective tax rate for July 31, 2016 is nil. There is no tax effect of pro forma adjustments related to Crestwell and OGL because both entities have net deferred income tax assets which have not been recognized due to uncertainty as to whether those assets will be realized.

SCHEDULE “B”

OG AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2015

[SEE ATTACHED]

ORGANIC GARAGE LTD.

FINANCIAL STATEMENTS

JANUARY 31, 2015

ORGANIC GARAGE LTD.

JANUARY 31, 2015

CONTENTS

Goodman Mintz, LLP
CHARTERED ACCOUNTANTS

1220 Sheppard Ave. E., Suite 416
Toronto, Ontario M2K 2S5
Tel 416.492.6060 • Fax 416.492.1660

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **Organic Garage Ltd.**:

We have audited the accompanying financial statements of **Organic Garage Ltd.**, which comprise the statement of financial position as at January 31, 2015 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

We were not appointed auditors of the Company until after January 31, 2015 and thus did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities and values held at January 31, 2015. Since inventories enter into the determination of the financial performance and cash flows, we were unable to quantify the adjustments which might have been necessary in respect of the net income for the year reported in the statement of income and comprehensive income, changes in shareholder's equity and the net cash flows from operating activities reported in the statement of cash flows.

www.goodmanmintz.ca

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Organic Garage Ltd.** as at January 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Comparative Information

Without modifying our qualified opinion, we draw attention to Note 2 to the financial statements which describes that **Organic Garage Ltd.** adopted International Financial Reporting Standards on February 1, 2014 with a transition date of February 1, 2013. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at January 31, 2014 and February 1, 2013, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year ended January 31, 2014 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Goodman Hiley, LLP

Toronto, Canada
April 15, 2016

Chartered Accountants
Licensed Public Accountants

ORGANIC GARAGE LTD.

STATEMENT OF FINANCIAL POSITION

	January 31, 2015	January 31, 2014 (Unaudited)	February 1, 2013 (Unaudited)
ASSETS			
CURRENT			
Cash [Note 4]	$ 443,265	$ 221,293	$ 831,511
Accounts receivable	54,623	32,090	29,806
Inventory	1,523,524	1,397,849	623,082
Income taxes receivable	-	123,827	90,444
HST receivable	12,950	95,188	-
Prepaid expenses and deposits [Note 5]	226,967	240,524	52,638
Advances to shareholder [Note 6]	84,828	76,351	-
	2,346,157	2,187,122	1,627,481
PROPERTY, PLANT AND EQUIPMENT [Note 7]	2,056,412	2,430,306	1,033,563
LICENCE FEE [Note 8]	82,300	82,300	82,300
	$ 4,484,869	$ 4,699,728	$ 2,743,344
LIABILITIES			
CURRENT			
Bank indebtedness [Note 9]	$ -	$ 93,921	$ -
Accounts payable and accrued liabilities	1,174,759	1,004,035	791,710
Income taxes payable	33,442	-	-
Bank loans [Note 10]	309,459	235,960	140,004
Obligation under capital lease [Note 11]	233,696	223,011	-
Loan payable [Note 12]	8,000	11,000	11,000
Advances from shareholder	-	-	4,573
	1,759,356	1,567,927	947,287
LONG TERM			
Bank loans [Note 10]	586,266	922,912	408,889
Obligation under capital lease [Note 11]	702,030	935,726	-
Loan payable [Note 12]	-	3,000	14,000
	1,288,296	1,861,638	422,889
	3,047,652	3,429,565	1,370,176
EQUITY			
CAPITAL STOCK [Note 13]	200	200	200
RETAINED EARNINGS	1,437,017	1,269,963	1,372,968
	1,437,217	1,270,163	1,373,168
	$ 4,484,869	$ 4,699,728	$ 2,743,344

APPROVED ON BEHALF OF THE BOARD: Director______________________________

ORGANIC GARAGE LTD.

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEAR ENDED JANUARY 31, 2015

	2015	2014 (Unaudited)
SALES	**$ 16,079,691**	**$ 13,739,371**
COST OF SALES		
Inventory – Beginning of year	1,397,849	623,082
Purchases	11,314,285	10,709,387
	12,712,134	11,332,469
Less: Inventory – End of year	1,523,524	1,397,849
	11,188,610	9,934,620
GROSS PROFIT	**4,891,081**	**3,804,751**
EXPENSES		
Administrative wages and benefits	484,988	515,681
Advertising and promotion	72,301	111,960
Depreciation	512,154	391,808
Bank charges and merchant fees	194,502	163,307
Insurance	41,427	31,709
Interest on long term debt	104,830	57,150
Office and general	94,997	197,229
Professional fees	58,695	90,390
Rent	964,686	514,002
Repairs and maintenance	184,234	232,003
Store supplies	134,254	212,671
Store wages and benefits	1,508,318	1,178,935
Telephone	21,887	18,836
Utilities	243,226	170,374
Vehicle	70,086	66,328
	4,690,585	3,952,383
INCOME (LOSS) BEFORE INCOME TAXES	200,496	(147,632)
PROVISION FOR INCOME TAXES [Note 14]	33,442	(44,627)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 167,054	$ (103,005)

ORGANIC GARAGE LTD.

STATEMENTS OF CHANGE IN SHAREHOLDER'S EQUITY

YEAR ENDED JANUARY 31, 2015

2015	**Common Shares**	**Retained Earnings**	**Total Shareholder's Equity**
Balance at January 31, 2014	$ 200	$ 1,269,963	$ 1,270,163
Net income	-	167,054	167,054
Balance at January 31, 2015	**$ 200**	**$ 1,437,017**	**$ 1,437,217**

2014 (Unaudited)	**Common Shares**	**Retained Earnings**	**Total Shareholder's Equity**
Balance at February 1, 2013	$ 200	$ 1,372,968	$ 1,373,168
Net loss	-	(103,005)	(103,005)
Balance at January 31, 2014	**$ 200**	**$ 1,269,963**	**$ 1,270,163**

ORGANIC GARAGE LTD.

STATEMENT OF CASH FLOWS

YEAR ENDED JANUARY 31, 2015

	2015	2014 (Unaudited)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss)	$ 167,054	$ (103,005)
Adjustment for		
Depreciation	512,154	391,808
	679,208	288,803
Net changes in non-cash working capital		
Inventory	(125,675)	(774,767)
Accounts receivable	(22,534)	(2,283)
HST receivable	82,238	(95,188)
Prepaid expenses	13,557	(187,886)
Accounts payable and accrued liabilities	170,725	212,326
Income taxes payable	157,269	(33,383)
	954,788	(592,378)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advances to shareholder	(8,477)	(80,924)
Proceeds of bank loans	-	750,000
Repayment of bank loans	(263,147)	(140,021)
Increase in bank indebtedness	(93,921)	93,920
Repayment of obligation under capital lease	(223,011)	(4,024)
Repayment of loan payable	(6,000)	(11,000)
	(594,556)	607,951
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(138,260)	(625,791)
NET CHANGE IN CASH	221,972	(610,218)
CASH – Beginning of year	221,293	831,511
CASH – End of year	$ 443,265	$ 221,293

1. REPORTING ENTITY

Organic Garage Ltd. (the "Company") is a Canadian private company incorporated under the laws of the Province of Ontario. The Company operates retail stores which sell organic and natural products. Its registered head office is located at 50 Akron Road, Toronto, Ontario, M8W 1T2.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied. The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended January 31, 2015, comparative information for the year ended January 31, 2014 and the opening IFRS statement of financial position as at February 1, 2013, the Company's date of transition to IFRS.

The Company had no significant adjustments in the transition from reporting under accounting standards for private enterprises to reporting under IFRS.

These financial statements for the year ended January 31, 2015 were authorized for issuance by the shareholder on April 15, 2016.

(b) Basis of Measurement

The financial statements were prepared on a historical cost basis except where certain financial instruments are required to be measured at fair value as described in the accounting policies, if applicable.

(c) Functional Currency

The financial statements are presented in Canadian dollars which is the Company's functional currency.

(d) Use of estimates and key judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from such estimates. Significant estimates are made with respect to the estimated useful life and residual values of property, plant and equipment.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE *[Continued]*

(d) Use of estimates and key judgments *[Continued]*

Changes in the intended use of property, plant and equipment as well as changes in technology or economic conditions may cause the estimated useful life of these assets to change.

The amount of deferred taxes is estimated with consideration given to the timing, sources and amounts of future taxable income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies adopted by the Company and utilized in the preparation of the financial statements. These accounting policies have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position as at February 1, 2013, the date of transition to IFRS.

(a) Cash

Cash includes cash on hand and deposits in banks.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, where cost is determined by the most recent invoice cost and net realizable value is the retail sales price. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in retail selling prices, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventory are expensed in the period that these costs are incurred. Inventory is comprised entirely of finished goods.

(c) Property, plant and equipment

Property, plant and equipment are recognized and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any. When components of property, plant and equipment have different useful lives they are accounted for separately. Depreciation is provided annually at rates which are calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	- 45% declining balance
Computer software	- 100% declining balance
Furniture, fixtures and equipment	- 20% declining balance
Leasehold improvements	- Straight line over term of lease
Signs	- 20% declining balance
Vehicle	- 30% declining balance

The recoverable amount is the higher of an asset's fair value less costs to sell. Fair value less selling costs is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arms-length transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(d) Impairment of Non-Financial Assets

The Company performs impairment testing on its non-financial assets including property, plant and equipment and licence fee whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At a minimum the Company assesses annually whether there is any indication that an item of property, plant or equipment or the licence fee may be impaired. If any such indicators of impairment exist, an estimate of the recoverable amount of the asset is derived. An impairment loss is recognized in net income to the extent that the asset's carrying value exceeds its recoverable amount.

If there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss, in whole or in part, may be reversed to an amount not in excess of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable in respect of the taxable income or loss for the year, using income tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for taxation purposes. These amounts are measured using enacted or substantively enacted income tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for income tax purposes to the extent that it is probably that taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probably that the related income tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change except when they relate to items recognized directly in other comprehensive income.

(f) Revenue recognition

The Company recognizes retail sales revenues from product sales upon delivery to customers. Revenues from marketing initiatives are recognized over the term of the marketing initiative.

(g) Licence fee

The licence fee has an indefinite life and accordingly is not being amortized. The licence fee is measured at cost less any accumulated impairment losses.

(h) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(h) Financial instruments *[Continued]*

Financial assets and liabilities are measured at fair value upon initial recognition and classified as either financial assets or financial liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables or other financial liabilities. Financial instruments are subsequently measured at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. Gains and losses on fair value through profit or loss financial assets and financial liabilities are recognized in earnings before income taxes in the period in which they are incurred. Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

(i) Impairment of financial instruments

An assessment of whether there is objective evidence that a financial asset is impaired is performed at each balance sheet date. A financial asset is considered to be impaired if one or more loss events that have an impact on the future cash flows of the financial asset occur after initial recognition of the financial asset and the loss can be reliably measured. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has occurred, the loss is based on the difference between the carrying amount of the financial asset and the respective estimated future cash flows discounted at the financial instruments original effective interest rate and is recorded as an allowance for losses. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company

The following new standards, interpretations and amendments, which are not yet effective and which have not been adopted early in these financial statements, may have an effect on the Company's future financial statements:

i) IFRS 9 Financial Instruments is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with the accounting treatment. The new standard will require additional disclosures. Management has yet to assess the impact of IFRS on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company *[Continued]*

ii) IFRS 15 Revenue from Contracts with Customers introduces a single model for recognizing revenue from contracts and customers. This standard applies to all contracts with customers, with some exceptions. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

Management has yet to assess the impact of IFRS 15 on these financial statements. The new standard is effective for annual periods beginning on or after January 1, 2018.

iii) IFRS 16 Leases sets out the principles for recognition, measurement, presentation and disclosure of leases. Although the accounting requirements for lessors remains substantially unchanged, a lessee will recognize that a lease results in obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. IFRS 16 eliminates the classification of leases by a lessee as either operating leases of finance leases and, instead, introduces a single accounting model.

Management has yet to assess the impact of IFRS 16 on these financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2019.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after February 1, 2015 and which have not been adopted early, are expected to have a material effect on the Company's future financial statements.

4. CASH

Included in cash is security posted for a letter of credit in favour of the landlord of the Bathurst store in the amount of $200,000. The letter of credit matures April 24, 2015 and will automatically renew annually until it expires in April 2018.

5. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised primarily of rent deposits for stores.

6. ADVANCES TO SHAREHOLDER

These advances are non-interest bearing, unsecured and were repaid in full subsequent to year-end.

7. PROPERTY, PLANT AND EQUIPMENT

2015	Computer Equipment	Computer Software	Furniture, Fixtures and Equipment	Equipment Under Capital Lease	Leasehold Improvements	Leasehold Improvements Under Capital Lease	Signs	Vehicle	Total
Cost									
Balance at January 31, 2014	$ 215,994	$ 98,508	$ 1,463,353	$ 944,284	$ 674,573	$ 99,688	$ 116,708	$ 23,466	$ 3,636,574
Additions	5,212	14,406	112,671	-	4,600	-	1,372	-	138,261
Disposals	-	-	-	-	-	-	-	-	-
Balance at January 31, 2015	**$ 221,206**	**$ 112,914**	**$ 1,576,024**	**$ 944,284**	**$ 679,173**	**$ 99,688**	**$ 118,080**	**$ 23,466**	**$ 3,774,835**
Accumulated Amortization									
Balance at January 31, 2014	$ 115,928	$ 64,091	$ 666,756	$ 94,428	$ 198,867	$ 3,323	$ 47,363	$ 15,512	$ 1,206,268
Amortization	46,203	41,620	170,586	169,972	60,736	6,646	14,006	2,386	512,155
Disposals	-	-	-	-	-	-	-	-	-
Balance at January 31, 2015	**$ 162,131**	**$ 105,711**	**$ 837,342**	**$ 264,400**	**$ 259,603**	**$ 9,969**	**$ 61,369**	**$ 17,898**	**$ 1,718,423**
Carrying amount at: January 31, 2015	**$ 59,075**	**$ 7,203**	**$ 738,682**	**$ 679,884**	**$ 419,570**	**$ 89,719**	**$ 56,711**	**$ 5,568**	**$ 2,056,412**

7. PROPERTY, PLANT AND EQUIPMENT *[Continued]*

2014 (Unaudited)	**Computer Equipment**	**Computer Software**	**Furniture, Fixtures and Equipment**	**Equipment Under Capital Lease**	**Leasehold Improvements**	**Leasehold Improvements Under Capital Lease**	**Signs**	**Vehicle**	**Total**
Cost									
Balance at February 1, 2013	$ 103,260	$ 29,674	$ 1,062,001	$ -	$ 527,683	$ -	$ 101,938	$ 23,466	$ 1,848,022
Additions	112,734	68,834	401,352	944,284	146,890	99,688	14,770	-	1,788,552
Disposals	-	-	-	-	-	-	-	-	-
Balance at January 31, 2014	$ 215,994	**$ 98,508**	**$ 1,463,353**	**$ 944,284**	**$ 674,573**	**$ 99,688**	**$ 116,708**	**$ 23,466**	**$ 3,636,574**
Accumulated Amortization									
Balance at February 1, 2013	$ 80,174	$ 28,999	$ 517,775	$ -	$ 143,535	$ -	$ 31,873	$ 12,103	$ 814,459
Amortization	35,754	35,092	148,981	94,428	55,332	3,323	15,490	3,409	391,809
Disposals	-	-	-	-	-	-	-	-	-
Balance at January 31, 2014	**$ 115,928**	**$ 64,091**	**$ 666,756**	**$ 94,428**	**$ 198,867**	**$ 3,323**	**$ 47,363**	**$ 15,512**	**$ 1,206,268**
Carrying amount at:									
January 31, 2014	**$ 100,066**	**$ 34,417**	**$ 796,597**	**$ 849,856**	**$ 475,706**	**$ 96,365**	**$ 69,345**	**$ 7,954**	**$ 2,430,306**
February 1, 2013	**$ 23,086**	**$ 675**	**$ 544,226**	**$ -**	**$ 384,148**	**$ -**	**$ 70,064**	**$ 11,363**	**$ 1,033,563**

8. LICENCE FEE

The Company has a seat licence for the Toronto Maple Leafs. The licence may be renewed indefinitely provided that each year the Company purchases tickets for all games played by the Toronto Maple Leafs at the Air Canada Centre and pays a nominal fee.

9. BANK INDEBTEDNESS

The Company has available to it a revolving demand loan facility of $150,000 which bears interest at bank prime rate plus 1.6% per annum. At year end, the Company had utilized $NIL {2014 - $5,000} of this facility.

10. BANK LOANS

	January 31, 2015	January 31, 2014 (Unaudited)	February 1, 2013 (Unaudited)
(a) Non-revolving term bank loan, repayable in blended monthly instalments of $13,652 at a fixed rate of 4.91% per annum maturing in August 2017. The loan is secured by equipment, goods and leasehold improvements. The loan is guaranteed by the shareholder as well as a postponement of claim in the amount of $1,400,000.	$ 261,825	$ 408,872	$ 548,893
(b) Term loan, principal repayable in monthly instalments of $10,835 commencing May 28, 2014, plus interest at BDC Floating Base Rate. The loan matures on April 28, 2019. The loan is secured by specific equipment being financed under this loan, a security interest in all other present and after acquired personal property and the landlord's waiver of distraint. The loan is guaranteed by the shareholder for 50% of the outstanding loan balance.	552,585	650,000	-
(c) Term loan, principal repayable in monthly instalments of $2,085 commencing May 28, 2014, plus interest, at BDC Floating Base Rate plus 1.00%. The loan matures on April 28, 2018 and is secured by all present and after acquired personal property, except consumer goods, including a specific first charge over the equipment purchased under loan. The loan is guaranteed by the shareholder.	81,315	100,000	-
	895,725	1,158,872	548,893
Less: Current portion	309,459	235,960	140,004
	$ 586,266	$ 922,912	$ 408,889

10. BANK LOANS *[Continued]*

Principal repayments are approximately as follows:

Fiscal year	Amount
2016	309,459
2017	262,446
2018	155,040
2019	136,275
2020	32,505

11. OBLIGATION UNDER CAPITAL LEASE

The Company has entered into a commitment under a capital lease agreement for equipment and leasehold improvements. The agreement calls for monthly payments of $25,669 including HST. Payments commenced in December 2013 and end in November 2018.

Future annual minimum lease payments under the capital lease are as follows:

Fiscal year	Amount
2016	$ 272,595
2017	206,280
2018	206,280
2019	206,280
2020	154,709
	1,046,144
Less: Imputed interest	110,418
	935,726
Less: Current portion	233,696
	$ 702,030

12. LOAN PAYABLE

This is a non-interest bearing, unsecured loan and is repayable in monthly payments of $917.

13. CAPITAL STOCK

	2015	2014 (Unaudited)
Authorized		
Unlimited common shares		
Unlimited non-voting, non-cumulative, redeemable preference shares		
Issued		
10 common shares {2014 – 10}	$ 200	$ 200

14. INCOME TAXES

The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2015	2014 (Unaudited)
Net income (loss) before income taxes	$ 200,496	$ (147,632)
Expected income tax expense at the combined tax rate of 39.5% {2014 – 0%}	$ 79,196	$ -
Increase (decrease) in income tax expense resulting from:		
Non-taxable income or non-deductible expense	246	-
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	6,408	-
Financing costs	(629)	-
	85,221	-
Rate adjustment		
Small business deduction	51,779	-
Loss carryback to prior year	-	(44,627)
Income tax expense (recovery)	$ 33,442	$ (44,627)

No income tax related to any component of other comprehensive income, as other comprehensive income is $Nil.

15. FINANCIAL INSTRUMENTS

The Company’s financial assets and liabilities are classified as follows:

(a) Cash is designated as fair value through profit or loss;

(b) Accounts receivable and advances to shareholder are classified as loans and receivables and carried at amortized cost;

(c) Bank indebtedness, accounts payable and accrued liabilities, bank loans, obligations under capital lease and loan payable are classified as other financial liabilities and carried at amortized cost.

The Company has not classified any financial asset as held-to-maturity.

15. FINANCIAL INSTRUMENTS *[Continued]*

Fair Value Measurement

The following describes the fair value determinations of financial instruments:

(a) Accounts receivable, bank indebtedness, accounts payable and accrued liabilities and short term debt

Fair value is based on estimated cash flows, discounted at interest rates for similar instruments. The carrying amount approximates fair value due to the short term maturity of these instruments.

(b) Long-term debt

Fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amounts approximate fair value due to the majority of the long-term debt bearing variable interest rates.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at January 31, 2015.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Difficulty accessing capital markets could impair the Company's capacity to grow, execute its business model and generate financial returns. The Company manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available, actively monitoring market conditions and by diversifying its sources of funding and maintaining a diversified maturity profile of its debt obligations. Refer to Notes 10 and 11 for maturity analysis of debt obligations.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

16. FINANCIAL RISK MANAGEMENT *[Continued]*

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its bank loans and obligation under capital lease. The Company manages interest rate risk by monitoring its debt levels. The Company estimates that a 100 basis point increase (decrease) in short term interest rates, with all other variables held constant, would result in a decrease (increase) of $8,378 to interest expense.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(g) Capital management

The Company's capital management is designed to ensure that it has sufficient financial flexibility both in the short and long-term to support its financial obligations and the future development of the business.

The Company manages its capital with the following objectives:

a) Ensuring sufficient liquidity is available to support its financial obligations and to execute its operating strategic plans;

b) Maintaining financial capacity and flexibility through access to capital to support future development of the business;

c) Minimizing its cost of capital and considering current and future industry, market and economic risks and conditions; and

d) Utilizing short term funding sources to manage its working capital requirements and long term funding sources to match the long term nature of the fixed assets of the business.

17. RELATED PARTY TRANSACTIONS

Key management personnel – The Company's key management personnel is comprised of the President, the Director of Operations, the Director of Marketing and the Manager of Human Resources. Total compensation earned by key management personnel for the year ended January 31, 2015 was $217,074 {2014 - $323,174} and was comprised of salaries and other short-term employee benefits.

18. COMMITMENTS

The Company, through companies owned by the shareholder, has entered into various lease agreements for premises which expire between December 2020 and November 2028.

The Company has also entered into various lease agreements for a refrigerated truck and for equipment which expire between August 2016 and January 2019.

Future minimum annual payments required under these leases are as follows:

Fiscal year	Premises	Truck and equipment
2016	$ 598,289	$ 46,505
2017	611,945	41,691
2018	621,064	24,121
2019	648,449	8,371
2020	653,001	-
Thereafter	3,288,173	-

SCHEDULE "C"

OG AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2016

[SEE ATTACHED]

ORGANIC GARAGE LTD.

FINANCIAL STATEMENTS

JANUARY 31, 2016

ORGANIC GARAGE LTD.

JANUARY 31, 2016

CONTENTS

Goodman Mintz, LLP
CHARTERED ACCOUNTANTS

1220 Sheppard Ave. E., Suite 416
Toronto, Ontario M2K 2S5
Tel 416.492.6060 • Fax 416.492.1660

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **Organic Garage Ltd.**:

We have audited the accompanying financial statements of **Organic Garage Ltd.**, which comprise the statement of financial position as at January 31, 2016 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

We were not appointed auditors of the Company until after January 31, 2016 and thus did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities and values held at January 31, 2016. Since inventories enter into the determination of the financial performance and cash flows, we were unable to quantify the adjustments which might have been necessary in respect of the net income for the year reported in the statement of income and comprehensive income, changes in shareholder's equity and the net cash flows from operating activities reported in the statement of cash flows.

www.goodmanmintz.ca

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Organic Garage Ltd.** as at January 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Toronto, Canada
April 15, 2016

Goodman & Associates, LLP
Chartered Accountants
Licensed Public Accountants

ORGANIC GARAGE LTD.

STATEMENT OF FINANCIAL POSITION

JANUARY 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash [Note 4]	$ 385,536	$ 443,265
Accounts receivable	49,740	54,623
Inventory	1,312,302	1,523,524
Income taxes receivable	79,628	-
HST receivable	10,520	12,950
Prepaid expenses and deposits [Note 5]	272,471	226,967
Advances to shareholder [Note 6]	-	84,828
	2,110,197	2,346,157
PROPERTY, PLANT AND EQUIPMENT [Note 7]	1,915,387	2,056,412
LICENCE FEE [Note 9]	82,300	82,300
	$ 4,107,884	$ 4,484,869
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,539,140	$ 1,174,759
Income taxes payable	-	33,442
Bank loans [Note 11]	262,460	309,459
Obligation under capital lease [Note 12]	174,177	233,696
Loan payable [Note 13]	5,250	8,000
Advances from shareholder [Note 6]	35,172	-
	2,016,199	1,759,356
LONG TERM		
Bank loans [Note 11]	323,820	586,266
Obligation under capital lease [Note 12]	527,852	702,030
	851,672	1,288,296
	2,867,871	3,047,652
EQUITY		
CAPITAL STOCK [Note 14]	200	200
RETAINED EARNINGS	1,239,813	1,437,017
	1,240,013	1,437,217
	$ 4,107,884	$ 4,484,869

APPROVED ON BEHALF OF THE BOARD: Director__________________________

ORGANIC GARAGE LTD.

STATEMENT OF LOSS AND COMPREHENSIVE INCOME

YEAR ENDED JANUARY 31, 2016

	2016	2015
SALES	**$ 15,564,192**	**$ 16,079,691**
COST OF SALES		
Inventory – Beginning of year	1,523,524	1,397,849
Purchases	11,068,920	11,314,285
	12,592,444	12,712,134
Less: Inventory – End of year	1,312,302	1,523,524
	11,280,142	11,188,610
GROSS PROFIT	**4,284,050**	**4,891,081**
EXPENSES		
Administrative wages and benefits	660,682	484,988
Advertising and promotion	77,866	72,301
Depreciation	301,780	512,154
Bank charges and merchant fees	183,046	194,502
Insurance	41,356	41,427
Interest on long term debt	77,093	104,830
Office and general	90,472	94,997
Professional fees	107,833	58,695
Rent	958,973	964,686
Repairs and maintenance	151,430	184,234
Store supplies	156,962	134,254
Store wages and benefits	1,398,066	1,508,318
Telephone	20,746	21,887
Utilities	253,705	243,226
Vehicle	65,522	70,086
	4,545,532	4,690,585
INCOME (LOSS) BEFORE INCOME TAXES	(261,482)	200,496
PROVISION FOR INCOME TAXES [Note 15]	(64,278)	33,442
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**$ (197,204)**	**$ 167,054**

ORGANIC GARAGE LTD.

STATEMENTS OF CHANGE IN SHAREHOLDER'S EQUITY

YEAR ENDED JANUARY 31, 2016

	Common Shares	Retained Earnings	Total Shareholder's Equity
Balance at February 1, 2014	$ 200	$ 1,269,963	$ 1,270,163
Net income	-	167,054	167,054
Balance at January 31, 2015	200	1,437,017	1,437,217
Net loss	-	(197,204)	(197,204)
Balance at January 31, 2016	**$ 200**	**$ 1,239,813**	**$ 1,240,013**

ORGANIC GARAGE LTD.

STATEMENT OF CASH FLOWS

YEAR ENDED JANUARY 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (197,204)	$ 167,054
Adjustment for		
Depreciation	301,780	512,154
	104,576	679,208
Net changes in non-cash working capital		
Inventory	211,222	(125,675)
Accounts receivable	4,883	(22,534)
HST receivable	2,430	82,238
Prepaid expenses	(45,504)	13,557
Accounts payable and accrued liabilities	364,380	170,725
Income taxes payable	(113,070)	157,269
	528,917	954,788
CASH FLOWS USED IN FINANCING ACTIVITIES		
Advances from shareholder	120,000	(8,477)
Repayment of bank loans	(309,445)	(263,147)
Increase in bank indebtedness	-	(93,921)
Repayment of obligation under capital lease	(233,696)	(223,011)
Repayment of loan payable	(2,750)	(6,000)
	(425,891)	(594,556)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(160,755)	(138,260)
NET CHANGE IN CASH	(57,729)	221,972
CASH – Beginning of year	443,265	221,293
CASH – End of year	$ 385,536	$ 443,265

1. REPORTING ENTITY

Organic Garage Ltd. (the "Company") is a Canadian private company incorporated under the laws of the Province of Ontario. The Company operates retail stores which sell organic and natural products. Its registered head office is located at 50 Akron Road, Toronto, Ontario, M8W 1T2.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended January 31, 2016.

These financial statements for the year ended January 31, 2016 were authorized for issuance by the shareholder on April 15, 2016.

(b) Basis of Measurement

The financial statements were prepared on a historical cost basis except where certain financial instruments are required to be measured at fair value as described in the accounting policies, if applicable.

(c) Functional Currency

The financial statements are presented in Canadian dollars which is the Company's functional currency.

(d) Use of estimates and key judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from such estimates. Significant estimates are made with respect to the estimated useful life and residual values of property, plant and equipment.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Changes in the intended use of property, plant and equipment as well as changes in technology or economic conditions may cause the estimated useful life of these assets to change.

The amount of deferred taxes is estimated with consideration given to timing, sources and amounts of future taxable income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies adopted by the Company and utilized in the preparation of the financial statements.

(a) Cash

Cash includes cash on hand and deposits in banks.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, where cost is determined by the most recent invoice cost and net realizable value is the retail sales price. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in retail selling prices, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventory are expensed in the period that these costs are incurred. Inventory is comprised entirely of finished goods.

(c) Property, plant and equipment

Property, plant and equipment are recognized and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any. When components of property, plant and equipment have different useful lives they are accounted for separately. Depreciation is provided annually at rates which are calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	- 45% declining balance
Computer software	- 100% declining balance
Furniture and equipment	- 20% declining balance
Leasehold improvements	- Straight line over term of lease
Signs	- 20% declining balance
Store fixtures and equipment	- Straight line over term of lease
Vehicle	- 30% declining balance

(d) Impairment of Non-Financial Assets

The Company performs impairment testing on its non-financial assets including property, plant and equipment and licence fee whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At a minimum the Company assesses annually whether there is any indication that an item of property, plant or equipment or the licence fee may be impaired. If any such indicators of impairment exist, an estimate of the recoverable amount of the asset is derived. An impairment loss is recognized in net income to the extent that the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell. Fair value less selling costs is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arms-length transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(d) Impairment of Non-Financial Assets *[Continued]*

If there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss, in whole or in part, may be reversed to an amount not in excess of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable in respect of the taxable income or loss for the year, using income tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for taxation purposes. These amounts are measured using enacted or substantively enacted income tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for income tax purposes to the extent that it is probably that taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change except when they relate to items recognized directly in other comprehensive income.

(f) Revenue recognition

The Company recognizes retail sales revenues from product sales upon delivery to customers. Revenues from marketing initiatives are recognized over the term of the marketing initiative.

(g) Licence fee

The licence fee has an indefinite life and accordingly is not being amortized. The licence fee is measured at cost less any accumulated impairment losses.

(h) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(h) Financial instruments *[Continued]*

Financial assets and liabilities are measured at fair value upon initial recognition and classified as either financial assets or financial liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables or other financial liabilities. Financial instruments are subsequently measured at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. Gains and losses on fair value through profit or loss financial assets and financial liabilities are recognized in earnings before income taxes in the period in which they are incurred. Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

(i) Impairment of financial instruments

An assessment of whether there is objective evidence that a financial asset is impaired is performed at each balance sheet date. A financial asset is considered to be impaired if one or more loss events that have an impact on the future cash flows of the financial asset occur after initial recognition of the financial asset and the loss can be reliably measured. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has occurred, the loss is based on the difference between the carrying amount of the financial asset and the respective estimated future cash flows discounted at the financial instruments original effective interest rate and is recorded as an allowance for losses. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company

The following new standards, interpretations and amendments, which are not yet effective and which have not been adopted early in these financial statements, may have an effect on the Company's future financial statements:

i) IFRS 9 Financial Instruments is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with the accounting treatment. The new standard will require additional disclosures. Management has yet to assess the impact of IFRS on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[Continued]*

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company *[Continued]*

ii) IFRS 15 Revenue from Contracts with Customers introduces a single model for recognizing revenue from contracts and customers. This standard applies to all contracts with customers, with some exceptions. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

Management has yet to assess the impact of IFRS 15 on these financial statements. The new standard is effective for annual periods beginning on or after January 1, 2018.

iii) IFRS 16 Leases sets out the principles for recognition, measurement, presentation and disclosure of leases. Although the accounting requirements for lessors remains substantially unchanged, a lessee will recognize that a lease results in obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. IFRS 16 eliminates the classification of leases by a lessee as either operating leases of finance leases and, instead, introduces a single accounting model.

Management has yet to assess the impact of IFRS 16 on these financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2019.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after February 1, 2016 and which have not been adopted early, are expected to have a material effect on the Company's future financial statements.

4. CASH

Included in cash is security posted for a letter of credit in favour of the landlord of the Bathurst store in the amount of $200,000. The letter of credit matures April 24, 2016 and will automatically renew annually until it expires in April 2018.

5. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised primarily of rent deposits for stores.

6. ADVANCES FROM SHAREHOLDER

These advances are non-interest bearing, unsecured and are due on demand.

7. PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated Amortization				
2016	Balance at January 31, 2015	Additions	Disposals	Balance at January 31, 2016	Balance at January 31, 2015	Amortization	Disposals	Balance at January 31, 2016	Carrying amount at January 31, 2016
Computer Equipment	$ 221,206	-	-	$ 221,206	$ 162,131	26,584	-	$ 188,715	$ 32,491
Computer Software	112,914	-	-	112,914	105,711	7,203	-	112,914	-
Furniture, store fixtures and Equipment	1,576,024	114,863	-	1,690,887	837,342	133,916	-	971,258	719,629
Equipment Under Capital Lease	944,284	-	-	944,284	264,400	52,978	-	317,378	626,906
Leasehold Improvements	679,173	5,435	-	684,608	259,603	61,441	-	321,044	363,564
Leasehold Improvements Under Capital Lease	99,688	-	-	99,688	9,969	6,646	-	16,615	83,073
Signs	118,080	-	-	118,080	61,369	11,342	-	72,711	45,369
Vehicle	23,466	-	-	23,466	17,898	1,670	-	19,568	3,898
Construction in Progress	-	40,457	-	40,457	-	-	-	-	40,457
Total	$ 3,774,835	$ 160,755	$ -	$ 3,935,590	$ 1,718,423	$ 301,780	$ -	$ 2,020,203	$ 1,915,387

7. PROPERTY, PLANT AND EQUIPMENT *[Continued]*

	Cost				Accumulated Amortization				
2015	**Balance at January 31, 2014**	**Additions**	**Disposals**	**Balance at January 31, 2015**	**Balance at January 31, 2014**	**Amortization**	**Disposals**	**Balance at January 31, 2015**	**Carrying amount at January 31, 2015**
Computer Equipment	$ 215,994	5,212	-	$ 221,206	$ 115,928	46,203	-	$ 162,131	$ 59,075
Computer Software	98,508	14,406	-	112,914	64,091	41,620	-	105,711	7,203
Furniture, Fixtures and Equipment	1,463,353	112,671	-	1,576,024	666,756	170,586	-	837,342	738,682
Equipment Under Capital Lease	944,284	-	-	944,284	94,428	169,972	-	264,400	679,884
Leasehold Improvements	674,573	4,600	-	679,173	198,867	60,736	-	259,603	419,570
Leasehold Improvements Under Capital Lease	99,688	-	-	99,688	3,323	6,646	-	9,969	89,719
Signs	116,708	1,372	-	118,080	47,363	14,006	-	61,369	56,711
Vehicle	23,466	-	-	23,466	15,512	2,386	-	17,898	5,568
Total	**$ 3,636,574**	**$ 138,261**	**$ -**	**$ 3,774,835**	**$ 1,206,268**	**$ 512,155**	**$ -**	**$ 1,718,423**	**$ 2,056,412**

8. CHANGE IN DEPRECIABLE LIVES OF PROPERTY AND EQUIPMENT

In accordance with its policy, the Company reviews the estimated useful lives of its fixed assets on an ongoing basis. This review indicated that the actual lives of certain store fixtures and equipment were longer than the estimated useful lives used for depreciation purposes in the Company's financial statements. As a result, effective February 1, 2015, the Company changed its estimates of the useful lives of its store fixtures and equipment to better reflect the estimated periods during which these assets will remain in service. The estimated useful lives of the store fixtures and equipment that were previously depreciated at 20% declining balance were changed to reflect that their useful lives extend to the end of the lease term of the store in which they are located. The effect of this change in estimate was to reduce 2016 depreciation expenses by approximately $108,000.

9. LICENCE FEE

The Company has a seat licence for the Toronto Maple Leafs. The licence may be renewed indefinitely provided that each year the Company purchases tickets for all games played by the Toronto Maple Leafs at the Air Canada Centre and pays a nominal fee.

10. BANK INDEBTEDNESS

The Company has available to it a revolving demand loan facility of $150,000 which bears interest at bank prime rate plus 1.6% per annum. At year end, the Company had utilized $NIL {2015 - $NIL} of this facility.

11. BANK LOANS

	2016	2015
(a) Non-revolving term bank loan, repayable in blended monthly instalments of $13,652 at a fixed rate of 4.91% per annum maturing in August 2017. The loan is secured by equipment, goods and leasehold improvements. The loan is guaranteed by the shareholder as well as a postponement of claim in the amount of $1,400,000.	$ 107,420	$ 261,825
(b) Term loan, principal repayable in monthly instalments of $10,835 commencing May 28, 2014, plus interest at BDC Floating Base Rate. The loan matures on April 28, 2019. The loan is secured by specific equipment being financed under this loan, a security interest in all other present and after acquired personal property and the landlord's waiver of distraint. The loan is guaranteed by the shareholder for 50% of the outstanding loan balance.	422,565	552,585
(c) Term loan, principal repayable in monthly instalments of $2,085 commencing May 28, 2014, plus interest, at BDC Floating Base Rate plus 1.00%. The loan matures on April 28, 2018 and is secured by all present and after acquired personal property, except consumer goods, including a specific first charge over the equipment purchased under loan. The loan is guaranteed by the shareholder.	56,295	81,315
	586,280	895,725
Less: Current portion	262,460	309,459
	$ 323,820	$ 586,266

11. BANK LOANS *[Continued]*

Principal repayments are approximately as follows:

Fiscal year	Amount
2017	$ 262,460
2018	155,040
2019	136,275
2020	32,505

12. OBLIGATION UNDER CAPITAL LEASE

The Company has entered into a commitment under a capital lease agreement for equipment and leasehold improvements. The agreement calls for monthly payments of $19,425 including HST. Payments commenced in December 2013 and end in November 2019.

Future annual minimum lease payments under the capital lease are as follows:

Fiscal year	Amount
2017	$ 206,280
2018	206,280
2019	206,280
2020	154,709
	773,549
Less: Imputed interest	71,520
	702,029
Less: Current portion	174,177
	$ 527,852

13. LOAN PAYABLE

This is a non-interest bearing, unsecured loan and is repayable in monthly payments of $917.

14. CAPITAL STOCK

	2016	2015
Authorized		
Unlimited common shares		
Unlimited non-voting, non-cumulative, redeemable preference shares		
Issued		
10 common shares {2015 – 10}	$ 200	$ 200

15. INCOME TAXES

The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2016	2015
Net income (loss) before income taxes	$ (261,482)	$ 200,496
Expected income tax expense at the combined tax rate of 0% {2015 – 39.5%}	$ -	$ 79,196
Increase (decrease) in income tax expense resulting from:		
Non-taxable income or non-deductible expense	-	246
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	-	6,408
Financing costs	-	(629)
	-	85,221
Rate adjustment		
Small business deduction	-	51,779
Loss carryback to prior year	(64,278)	-
Income tax expense (recovery)	$ (64,278)	$ 33,442

No income tax is related to any component of other comprehensive income, as other comprehensive income is $Nil.

16. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are classified as follows:

(a) Cash is designated as fair value through profit or loss;

(b) Accounts receivable are classified as loans and receivables and carried at amortized cost;

(c) Bank indebtedness, accounts payable and accrued liabilities, bank loans, obligations under capital lease, loan payable and advances from shareholder are classified as other financial liabilities and carried at amortized cost.

The Company has not classified any financial asset as held-to-maturity.

16. FINANCIAL INSTRUMENTS *[Continued]*

Fair Value Measurement

The following describes the fair value determinations of financial instruments:

(a) Accounts receivable, bank indebtedness, accounts payable and accrued liabilities and short term debt

Fair value is based on estimated cash flows, discounted at interest rates for similar instruments. The carrying amount approximates fair value due to the short term maturity of these instruments.

(b) Long-term debt

Fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amounts approximate fair value due to the majority of the long-term debt bearing variable interest rates.

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at January 31, 2016.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Difficulty accessing capital markets could impair the Company's capacity to grow, execute its business model and generate financial returns. The Company manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available, actively monitoring market conditions and by diversifying its sources of funding and maintaining a diversified maturity profile of its debt obligations. Refer to Notes 11 and 12 for maturity analysis of debt obligations.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

17. FINANCIAL RISK MANAGEMENT *[Continued]*

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its bank loans and obligation under capital lease. The Company manages interest rate risk by monitoring its debt levels. The Company estimates that a 100 basis point fluctuation in short term interest rates, with all other variables held constant, would result in an adjustment to interest expense of approximately $7,860.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(g) Capital management

The Company's capital management is designed to ensure that it has sufficient financial flexibility both in the short and long-term to support its financial obligations and the future development of the business.

The Company manages its capital with the following objectives:

a) Ensuring sufficient liquidity is available to support its financial obligations and to execute its operating strategic plans;

b) Maintaining financial capacity and flexibility through access to capital to support future development of the business;

c) Minimizing its cost of capital and considering current and future industry, market and economic risks and conditions; and

d) Utilizing short term funding sources to manage its working capital requirements and long term funding sources to match the long term nature of the fixed assets of the business.

18. RELATED PARTY TRANSACTIONS

Key management personnel – The Company's key management personnel is comprised of the President, the Director of Operations, the Director of Marketing and the Manager of Human Resources. Total compensation earned by key management personnel for the year ended January 31, 2016 was $322,549 {2015 - $217,074} and was comprised of salaries and other short-term employee benefits.

19. COMMITMENTS

The Company, through companies owned by the shareholder, has entered into various lease agreements for premises which expire between December 2020 and November 2028.

The Company has also entered into various lease agreements for a refrigerated truck and for equipment which expire between August 2016 and January 2019.

Future minimum annual payments required under these leases are as follows:

Fiscal year	Premises	Truck and equipment
2017	$ 611,945	$ 41,691
2018	621,064	24,121
2019	648,449	8,371
2020	653,001	-
Thereafter	3,288,173	-

20. SUBSEQUENT EVENT

On March 21, 2016, the shareholder of the Company signed a binding letter of intent to enter into negotiations which would result in a Canadian publicly listed entity acquiring, directly or indirectly, all outstanding shares of the Company in the 2017 fiscal year.

SCHEDULE "D"

OG AUDITED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JULY 31, 2016

[SEE ATTACHED]

ORGANIC GARAGE LTD.

Consolidated Financial Statements

For the six months ended July 31, 2016 and

Year ended January 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Organic Garage Ltd.:

We have audited the accompanying consolidated financial statements of Organic Garage Ltd., which comprise the consolidated statement of financial position as at July 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial performance and cash flows for the six month period ended July 31, 2016 and our unmodified audit opinion on the financial position as at July 31, 2016.

Basis for Qualification on the Financial Performance and Cash Flows
We were not appointed auditors of the Company until after February 1, 2016 and thus did not observe the counting of physical inventories at the beginning of the period. We were unable to satisfy ourselves with alternative means concerning the inventory quantities and values at February 1, 2016. Since inventories enter into the determination of financial performance and cash flows, we were unable to quantify the adjustments which might have been necessary in respect of the net income for the period reported in the consolidated statement of loss and comprehensive loss, changes in shareholder's equity and net cash flows from operating activities reported in the consolidated statement of cash flows.

Qualification on the Financial Performance and Cash Flows
In our opinion, except for the possible effects of the matter described in the Basis for Qualification on the Financial Performance and Cash Flows paragraph, these consolidated financial statements present fairly, in all material aspects, the financial position of Organic Garage Ltd. as at July 31, 2016 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Opinion on the Financial Position

In our opinion, the financial statements present fairly, in all material respects, the financial position of Organic Garage Ltd. as at July 31, 2016 in accordance with International Financial Reporting Standards.

Other Matter

The comparative year consolidated financial statements were audited by the predecessor auditor. A qualified opinion was expressed over the comparative consolidated financial statements as the predecessor auditors were not appointed auditors until after January 31, 2016 and thus did not observe the count of physical inventories at January 31, 2016. The predecessor auditor was not able to satisfy themselves with alternative means concerning the inventory quantities and values held at January 31, 2016. The date of the audit report was April 15, 2016.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
September 20, 2016

MNP LLP

Organic Garage Ltd
Consolidated Statements of Financial Position
(In Canadian dollars)

As at	**July 31 2016**	**January 31 2016**
Assets		
Current		
Cash and cash equivalents (Note 4)	$ -	$ 385,536
Subscription receipt funds held in escrow (Note 13)	902,650	-
Short term investments (Note 4)	200,000	-
Accounts receivable	73,537	49,740
Inventory (Note 5)	1,154,898	1,312,302
Income taxes receivable (Note 14)	25,252	79,628
HST receivable	34,804	10,520
Prepaid expenses and deposits - current (Note 6)	231,356	207,457
	2,622,497	2,045,183
Property, plant and equipment (Note 7)	1,904,658	1,915,387
Prepaid expenses and deposits – non-current (Note 6)	77,766	65,014
Licence fee (Note 8)	-	82,300
Total Assets	**$ 4,604,921**	**$ 4,107,884**
Liabilities		
Current		
Bank indebtedness (Note 9)	$ 64,314	$ -
Accounts payable and accrued liabilities	1,429,857	1,539,140
Bank loans (Note 11)	228,510	262,460
Obligation under capital lease (Note 12)	178,714	174,177
Loan payable	-	5,250
Advances from shareholder (Note 10)	-	35,172
	1,901,395	2,016,199
Bank loans (Note 11)	246,300	323,820
Obligation under capital lease (Note 12)	437,346	527,852
Deferred tax liability (Note 14)	37,055	-
Total Liabilities	2,622,096	2,867,871
Shareholder’s Equity		
Capital stock (Note 13)	200	200
Subscription receipts (Note 13)	902,650	-
Retained earnings	1,079,975	1,239,813
	1,982,825	1,240,013
Total Liabilities and Shareholder’s Equity	**$ 4,604,921**	**$ 4,107,884**

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

APPROVED ON BEHALF OF THE BOARD: “Matt Lurie”
Director

Organic Garage Ltd
Consolidated Statements of Loss and Comprehensive Loss
For the six month period ended July 31, 2016 and year ended January 31, 2016
(In Canadian dollars)

	July 31, 2016	January 31, 2016
Sales	**$ 8,068,891**	**$ 15,564,192**
Cost of sales		
Inventory - Beginning of period	1,312,302	1,523,524
Purchases	5,803,415	11,068,920
	7,115,717	12,592,444
Less: Inventory- End of period	1,154,898	1,312,302
	5,960,819	**11,280,142**
Gross profit	**2,108,072**	**4,284,050**
Expenses		
Store wages and benefits (Note 17)	775,533	1,398,066
Rent	436,948	958,973
Administrative wages and benefits	312,271	660,682
Utilities	142,815	253,705
Bank charges and merchant fees	97,373	183,046
Store supplies	73,871	156,962
Repairs and maintenance	58,619	151,430
Advertising and promotion	46,472	77,866
Professional fees	43,445	107,833
Office and general	34,266	90,472
Interest on long-term debt	13,686	38,195
Interest on obligation under capital lease	17,171	38,898
Vehicle	28,541	65,522
Insurance	19,313	41,356
Telephone	10,265	20,746
Depreciation	145,518	301,780
	2,256,107	**4,545,532**
Loss before income taxes	**(148,035)**	**(261,482)**
Income tax (recovery) expense (Note 14)		
Current	**(25,252)**	**(64,278)**
Deferred	**37,055**	**-**
Net loss and comprehensive loss	**$ (159,838)**	**$ (197,204)**

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

Organic Garage Ltd
Consolidated Statements of Changes in Shareholder's Equity
For the six month period ended July 31, 2016 and year ended January 31, 2016
(In Canadian dollars)

	Capital stock	Subscription receipts	Retained Earnings	Total Shareholder's Equity
Balance, February 1, 2015	$ 200	$ -	$1,437,017	$ 1,437,217
Net loss for the year	-	-	(197,204)	(197,204)
Balance, January 31, 2016	$ 200	$ -	$1,239,813	$ 1,240,013
Subscription receipts	-	902,650	-	902,650
Net loss for the period	-	-	(159,838)	(159,838)
Balance, July 31, 2016	**$ 200**	**$ 902,650**	**$1,079,975**	**$ 1,982,825**

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

Organic Garage Ltd
Consolidated Statements of Cash Flows
For the six month period ended July 31, 2016 and year ended January 31, 2016
(In Canadian dollars)

	July 31, 2016	January 31, 2016
Cash flows from operating activities		
Net loss for the period	$ **(159,838)**	$ **(197,204)**
Items not affecting cash:		
Depreciation	145,518	301,780
Deferred income tax expense	37,055	-
	(22,735)	104,576
Net changes in non-cash working capital		
Accounts receivable	(23,797)	4,883
Inventory	175,599	211,222
Income taxes receivable	54,376	(113,070)
HST receivable	(24,284)	2,430
Prepaid expenses and deposits	(36,651)	(45,504)
Accounts payable and accrued liabilities	(109,283)	364,380
	40,500	**528,917**
Cash flows used in financing activities		
(Repayments) advances from shareholder	(35,172)	120,000
Repayment of bank loans	(111,470)	(309,445)
Repayment of obligation under capital lease	(85,969)	(233,696)
Repayment of loan payable	(5,250)	(2,750)
Increase in bank indebtedness	64,314	-
	(173,547)	**(425,891)**
Cash flows used in investing activities		
Purchase of property, plant and equipment	(134,789)	(160,755)
Proceeds on sale of licence fee	82,300	-
Purchase of short-term investment	(200,000)	
	(252,489)	**(160,755)**
Decrease in cash and cash equivalents	(385,536)	(57,729)
Cash and cash equivalents, beginning of period	385,536	443,265
Cash and cash equivalents, end of period	**$ -**	**$ 385,536**

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

1. NATURE OF OPERATIONS

Organic Garage Ltd. (the "Company") is a Canadian private company incorporated under the laws of the Province of Ontario. The Company operates retail stores which sell organic and natural products. Its registered head office is located at 50 Akron Road, Toronto, Ontario, M8W 1T2.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the all periods presented.

These consolidated financial statements were authorized for issuance by the shareholder on August 30, 2016.

These consolidated financial statements were prepared in consideration of the proposed transaction in which the Company may be acquired by a Canadian publicly listed entity as described in Note 19.

(b) Basis of Measurement

The consolidated financial statements were prepared on a historical cost basis except where certain financial instruments are required to be measured at fair value as described in the accounting policies, if applicable.

(c) Basis of Consolidation

The consolidated financial statements of the Company as at and for the six months ended July 31, 2016 include the Company and its subsidiaries, 2412383 Ontario Inc., 2347018 Ontario Inc., 2368123 Ontario Inc., and 2507158 Ontario Inc. (Note 13). Each subsidiary was incorporated under the Ontario Business Corporations Act. All of the subsidiaries of the Company are bare-trustees to hold the leases of the Company’s premises. In all other respects, they are inactive. Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

(d) Functional Currency

The consolidated financial statements are presented in Canadian dollars which is the Company's and its subsidiaries’ functional currency.

(e) Use of estimates and key judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in these consolidated financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from such estimates. Significant estimates are made with respect to the estimated useful life and residual values of property, plant and equipment. Changes in the intended use of property, plant and equipment as well as changes in technology or economic conditions may cause the estimated useful life of these assets to change.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies adopted by the Company and utilized in the preparation of these consolidated financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits in banks and highly liquid investments with a maturity of three months or less.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, where cost is determined by the most recent invoice cost and net realizable value is the retail sales price. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. Inventory is comprised entirely of finished goods.

(c) Property, plant and equipment

Property, plant and equipment are recognized and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any. When components of property, plant and equipment have different useful lives they are accounted for separately. Depreciation is provided at rates which are calculated to write off the assets over their estimated useful lives as follows:

Computer equipment	45% declining balance
Computer software	100% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	Straight line over term of lease
Signs	20% declining balance
Store fixtures and equipment	Straight line over term of lease
Vehicle	30% declining balance

(d) Impairment of Non-Financial Assets

The Company performs impairment testing on its non-financial assets including property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At a minimum the Company assesses annually whether there is any indication that an item of property, plant or equipment may be impaired. If any such indicators of impairment exist, an estimate of the recoverable amount of the asset is derived. An impairment loss is recognized in net loss to the extent that the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell. Fair value less selling costs is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arms-length transaction.

If there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss, in whole or in part, may be reversed to an amount not in excess of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable in respect of the taxable income or loss for the period, using income tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for taxation purposes. These amounts are measured using enacted or substantively enacted income tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for income tax purposes to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change except when they relate to items recognized directly in other comprehensive income.

(f) Revenue recognition

The Company recognizes retail sales revenues from product sales upon delivery to customers. Revenues from marketing initiatives are recognized over the term of the marketing initiative.

(g) Licence fee

The licence fee has an indefinite life and accordingly is not being amortized. The licence fee is measured at cost less any accumulated impairment losses.

(h) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(h) Financial instruments – continued

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available for sale - Non derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(h) Financial instruments – continued

Financial liabilities - continued

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit and loss
Short-term investments	Loans and receivables
Accounts receivable	Loans and receivables
HST receivable	Loans and receivables

Financial liabilities:	Classification:
Bank indebtedness	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Advances from shareholder	Other financial liabilities
Bank loans	Other financial liabilities
Obligation under capital lease	Other financial liabilities
Loans payable	Other financial liabilities

Financial instruments recorded at fair value in the consolidated statement of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

Cash and cash equivalents have been recorded as level 1 financial instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(i) Impairment of financial instruments

An assessment of whether there is objective evidence that a financial asset is impaired is performed at the end of each reporting period. A financial asset is considered to be impaired if one or more loss events that have an impact on the future cash flows of the financial asset occur after initial recognition of the financial asset and the loss can be reliably measured. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has occurred, the loss is based on the difference between the carrying amount of the financial asset and the respective estimated future cash flows discounted at the financial instruments original effective interest rate and is recorded as an allowance for losses. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company

The following new standards, interpretations and amendments, which are not yet effective and which have not been adopted early in these consolidated financial statements, may have an effect on the Company's future consolidated financial statements:

i) IFRS 9 Financial Instruments is the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with the accounting treatment. The new standard will require additional disclosures. Management has yet to assess the impact of IFRS 9 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

ii) IFRS 15 Revenue from Contracts with Customers introduces a single model for recognizing revenue from contracts and customers. This standard applies to all contracts with customers, with some exceptions. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

Management has yet to assess the impact of IFRS 15 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is effective for annual periods beginning on or after January 1, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(j) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company - continued

iii) IFRS 16 Leases sets out the principles for recognition, measurement, presentation and disclosure of leases. Although the accounting requirements for lessors remains substantially unchanged, a lessee will recognize that a lease results in obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. IFRS 16 eliminates the classification of leases by a lessee as either operating leases of finance leases and, instead, introduces a single accounting model.

Management has yet to assess the impact of IFRS 16 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is effective for annual reporting periods beginning on or after January 1, 2019.

4. CASH AND CASH EQUIVALENETS AND SHORT-TERM INVESTMENTS

As at January 31, 2016, included in cash was security posted for a letter of credit in favour of the landlord of the Bathurst store in the amount of $200,000. The letter of credit matured on April 24, 2016 and was automatically renewed. It will be renewed annually until it expires in April 2018.

The security posted in the amount of $200,000 was released on April 24, 2016 and deposited into a non-redeemable Guaranteed Investment Certificate (“GIC”). The GIC has a term of one year and accrues interest of 0.9% per annum. As at July 31, 2016, the GIC has been recorded in short-term investments.

5. INVENTORY

Inventory consists of meat, produce and grocery items. The amount of inventory recognized as an expense in cost of goods sold was $5,960,819 for the six month period ended July 31, 2016 and $11,280,142 for the year ended January 31, 2016.

6. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised primarily of rent deposits for stores.

Organic Garage Ltd
Notes to the Consolidated Financial Statements
For the six month period ended July 31, 2016 and year ended January 31, 2016

7. PROPERTY, PLANT AND EQUIPMENT

Cost					**Accumulated Depreciation**			
	Balance at January 31, 2016	**Additions**	**Balance at July 31, 2016**		**Balance at January 31, 2016**	**Depreciation**	**Balance at July 31, 2016**	**Carrying amount at July 31, 2016**
Computer Equipment	$221,206	$7,210	$228,416	45%	$188,715	$	$196,333	$32,083
Computer Software	112,914	20,384	133,298	100%	112,914	3,397	116,311	16,986
Furniture, Store Fixtures and Equipment	1,690,887	67,021	1,757,908	20%	971,258	68,778	1,040,036	717,872
Equipment Under Capital Lease	944,284	-	944,284	SL	317,378	26,489	343,867	600,417
Leasehold Improvements	684,608	-	684,608	SL	321,044	30,890	351,934	332,674
Leasehold Improvements Under Capital Lease	99,688	-	99,688	SL	16,615	3,323	19,938	79,750
Signs	118,080	1,208	119,288	20%	72,711	4,460	77,171	2,117
Vehicle	23,466	-	23,466	30%	19,568	563	20,131	3,335
Construction In Progress	40,457	38,967	79,424	N/A	-	-	-	79,424
Total	**$3,935,590**	**$134,789**	**$4,070,379**		**$2,020,203**	**$145,518**	**$2,165,721**	**$1,904,658**

7. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	Cost				Accumulated Depreciation			
	Balance at January 31, 2015	**Additions**	**Balance at January 31, 2016**		**Balance at January 31, 2015**	**Depreciation**	**Balance at January 31, 2016**	**Carrying amount at January 31, 2016**
Computer Equipment	$221,206	$-	$221,206	45%	$162,131	$26,584	$188,715	$32,491
Computer Software	112,914	-	112,914	100%	105,711	7,203	112,914	-
Furniture, Store Fixtures and Equipment	1,576,024	114,863	1,690,887	20%	837,342	133,916	971,258	719,629
Equipment Under Capital Lease	944,284	0	944,284	SL	264,400	52,978	317,378	626,906
Leasehold Improvements	679,173	5,435	684,608	SL	259,603	61,441	321,044	363,564
Leasehold Improvements Under Capital Lease	99,688	-	99,688	SL	9,969	6,646	16,615	83,073
Signs	118,080	-	118,080	20%	61,369	11,342	72,711	45,369
Vehicle	23,466	-	23,466	30%	17,898	1,670	19,568	3,898
Construction In Progress	-	40,457	40,457	N/A	-	-	-	40,457
Total	**$3,774,835**	**$160,755**	**$3,935,590**		**$1,718,423**	**$301,780**	**$2,020,203**	**$1,915,387**

8. LICENCE FEE

The Company had a seat licence for the Toronto Maple Leafs. The licence could be renewed indefinitely provided that each year the Company purchased tickets for all games played by the Toronto Maple Leafs at the Air Canada Centre and paid a nominal fee. On May 26, 2016 the Company sold this licence for $90,000 and there was no gain or loss on disposal.

9. BANK INDEBTEDNESS

The Company has available to it a revolving demand loan facility of $150,000 which bears interest at bank prime rate plus 1.6% per annum (as at July 31, 2016 – 4.3%). The revolving demand loan facility was not utilized as at July 31, 2016 or January 31, 2016.

10. ADVANCES FROM SHAREHOLDER

The Company had an outstanding balance of $Nil at July 31, 2016 (January 31, 2016 - $35,172) due to the President. These amounts relate to unpaid compensation, accordingly, there are no specified repayment terms and this amount does not bear interest. The balance was non-interest bearing and due on demand.

11. BANK LOANS

	July 31, 2016	January 31, 2016
(a) Non revolving term bank loan, repayable in blended monthly instalments of $5,918 at a fixed rate of 3.36% (January 31, 2016 – 4,91%) per annum maturing in September 2017. The loan is secured by equipment, goods and leasehold improvements. The loan is guaranteed by the shareholder as well as a postponement of claim in the amount of $1,400,000.	$ 73,470	$107,420
(b) Term loan, principal repayable in monthly instalments of $10,835 commencing May 28, 2014, plus interest at BDC Floating Base Rate (July 31, 2016 – 5%). The loan matures on April 28, 2019. The loan is secured by specific equipment being financed under this loan, a security interest in all other present and after acquired personal property and the landlord's waiver of distrain. The loan is guaranteed by the shareholder for 50% of the outstanding loan balance.	357,555	422,565
(c) Term loan, principal repayable in monthly instalments of $2,085 commencing May 28, 2014, plus interest, at BDC Floating Base Rate plus 1.00% (July 31, 2016 – 6%). The loan matures on April 28, 2018 and is secured by all present and after acquired personal property, except consumer goods, including a specific first charge over the equipment purchased under loan. The loan is guaranteed by the shareholder.	43,785	56,295
	474,810	586,280
Less: Current portion	228,510	262,460
	$246,300	**$323,820**

Principal repayments are approximately as follows:

Fiscal year (ended July 31)	Amount
2017	$151,990
2018	155,040
2019	135,275
2020	32,505
	$474, 810

12. OBLIGATION UNDER CAPITAL LEASE

The Company has entered into a commitment under a capital lease agreement for equipment and leasehold improvements. The agreement calls for monthly payments of $19,425 including HST. Payments commenced in December 2013 and end in November 2019.

Future annual minimum lease payments under the capital lease are as follows:

Fiscal year (ended July 31)	Amount
2017	$103,140
2018	206,280
2019	206,280
2020	154,709
	670,409
Less: Imputed interest	$54,349
	616,060
Less: Current portion	$ 178,714
	$ 437,346

13. CAPITAL STOCK

	July 31, 2016	January 31, 2016
Authorized		
Unlimited common shares		
Unlimited non-voting, non-cumulative, redeemable preference shares		
Issued		
8,100,000 common shares	$ 200	$ 200

Share Split

During the period, the Company restructured the ownership of four bare trustee corporations which hold the leases for the premises the Company operates from. As part of the restructuring, the bare trustee corporations which were under common control, became subsidiaries of the Company and the Company effectively undertook a share split. The share split increased issued share capital from 10 common shares to 8,100,000 common shares with no change of control. The effect of the share split was accounted for retrospectively for all periods presented.

Subscription Receipts

On June 28, 2016, the Company completed the first tranche of a Private Placement Offering for aggregate gross proceeds of $913,500 representing 2,283,750 common shares to be issued under applicable prospectus exemptions. The issuance of the shares and release of the funds from escrow are subject to closing the transaction with Crestwell Resources Inc. ("Crestwell") (Note 19). These shares will be exchanged for shares of Crestwell on a 1:1 basis. The proceeds, net of certain brokerage fees, are being held in escrow pending completion of the Crestwell transaction.

14. INCOME TAXES

Income taxes

The following are the major components of the income tax expense:

	July 31, 2016	January 31, 2016
Current tax (recovery) expense	$ (25,252)	$ (64,278)
Deferred tax (recovery) expense	37,055	-
Total	$ 11,803	$ (64,278)

14. INCOME TAXES - CONTINUED

The reconciliation of the difference between the income tax expense using the statutory tax rate and the effective tax rate for the six month period ended July 31, 2016 and year ended January 31, 2016 is as follows:

	July 31, 2016	January 31, 2016
Net loss before income tax recovery	$ 148,035	$ 261,482
Expected income tax (recovery) expense	$ (20,480)	$ (69,293)
Tax rate changes and other adjustments	32,283	5,015
Income tax (recovery) expense	$ 11,803	$ (64,278)

Deferred tax assets and liabilities

	July 31, 2016	January 31, 2016
Deferred Tax Assets		
Donations	$ 1,143	$ -
Deferred Tax Liabilities		
Property, plant and equipment	(38,198)	-
Net deferred income tax liability	$ (37,055)	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

14. INCOME TAXES - CONTINUED

Movement in net deferred tax asset

	July 31, 2016	January 31, 2016
Balance at the beginning of the period	$ -	$ -
Recognized in profit/loss	(37,055)	-
Recognized in goodwill	-	-
Recognized in equity	-	-
Recognized in deferred financing fees	-	-
Recognized in discontinued operations	-	-
Balance at the end of the period	$ (37,055)	$ -

15. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are classified as follows:

(a) Cash and cash equivalents is designated as fair value through profit or loss;

(b) Short term investments, accounts receivable and HST receivable are classified as loans and receivables and carried at amortized cost;

(c) Bank indebtedness, accounts payable and accrued liabilities, bank loans, obligations under capital lease, loan payable and advances from shareholder are classified as other financial liabilities and carried at amortized cost.

The Company has not classified any financial asset as held-to-maturity.

Fair Value Measurement

The following describes the fair value determinations of financial instruments:

(a) Short term investments, accounts receivable, HST receivable, bank indebtedness, accounts payable and accrued liabilities and short term debt

Fair value is based on estimated cash flows, discounted at interest rates for similar instruments. The carrying amount approximates fair value due to the short term maturity of these instruments.

(b) Long-term debt

Fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amounts approximate fair value due to the majority of the long-term debt bearing variable interest rates.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at July 31, 2016 and January 31, 2016.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Difficulty accessing capital markets could impair the Company's capacity to grow, execute its business model and generate financial returns. The Company manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available, actively monitoring market conditions and by diversifying its sources of funding and maintaining a diversified maturity profile of its debt obligations. Refer to Notes 11 and 12 for maturity analysis of debt obligations and Note 18 for analysis of commitments.

16. FINANCIAL RISK MANAGEMENT - CONTINUED

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its bank loans and obligation under capital lease. The Company manages interest rate risk by monitoring its debt levels. The Company estimates that a 100 basis point fluctuation in short term interest rates, with all other variables held constant, would result in an adjustment to interest expense of approximately $4,748.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

16. FINANCIAL RISK MANAGEMENT – CONTINUED

(d) Capital management

The Company's capital consists of total shareholders' equity. The Company's capital management is designed to ensure that it has sufficient financial flexibility both in the short and long-term to support its financial obligations and the future development of the business.

The Company manages its capital with the following objectives:

a) Ensuring sufficient liquidity is available to support its financial obligations and to execute its operating strategic plans;

b) Maintaining financial capacity and flexibility through access to capital to support future development of the business;

c) Minimizing its cost of capital and considering current and future industry, market and economic risks and conditions; and

d) Utilizing short term funding sources to manage its working capital requirements and long term funding sources to match the long term nature of the property, plant and equipment of the business.

17. RELATED PARTY BALANCES AND TRANSACTIONS

The Company's key management personnel are comprised of the President, the Director of Operations, the Director of Marketing and the Manager of Human Resources. Total compensation earned by key management personnel for the six month period ended July 31, 2016 was $162,350 (for year ended January 31, 2016 – $322,549) and was comprised of salaries and other short-term employee benefits.

18. COMMITMENTS

The Company, through its subsidiaries, has entered into various operating lease agreements for premises which expire between December 2020 and November 2028.

The Company has also entered into various lease agreements for a refrigerated truck and for equipment which expire between August 2016 and January 2019.

Future minimum annual payments required under these leases are as follows:

Fiscal year (ended July 31)	Premises	Truck and equipment
2017	$305,972	$20,845
2018	$621,064	$24,121
2019	$648,449	$8,371
2020	$653,001	-
Thereafter	$3,288,173	-

19. TRANSACTION WITH CRESTWELL RESOURCES INC.

On April 29, 2016, the Company signed an Arrangement Agreement with Crestwell Resources Inc. ("Crestwell"), a British Columbia publicly traded corporation listed on the Canadian Securities Exchange, to enter into a definitive agreement which would result in Crestwell acquiring, directly or indirectly, all outstanding shares of the Company in exchange for shares of Crestwell being issued to the shareholders of the Company on a 1:1 basis. On June 8, 2016, the shareholder of the Company approved the Arrangement Agreement with Crestwell. The transaction is expected to close subsequent to period end.