Ameri-Can Agri Co. Inc.

Consolidated Financial Statements

For the period from October 17, 2014 (Incorporation) to

September 30, 2015

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ameri-Can Agri Co. Inc.,

We have audited the accompanying consolidated financial statements of Ameri-Can Agri Co. Inc., which comprise the consolidated statement of financial position as at September 30, 2015, and the consolidated statements of comprehensive loss, cash flows, and changes in equity for the period from October 17, 2014 (Incorporation) to September 30, 2015, 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.

Auditor's 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 auditor's 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ameri-Can Agri Co. Inc. as at September 30, 2015, and its financial performance and its cash flows for the period from October 17, 2014 (Incorporation) to September 30, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt on Ameri-Can Agri Co Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2016

Ameri-Can Agri Co. Inc.

Consolidated statement of financial position

(Expressed in Canadian Dollars)

	Note	September 30, 2015
		$
Assets		
Current assets		
Cash		973,823
Marketable securities	4	677,000
Other receivable		3,857
		1,654,680
Non-current		
Biological Assets	6	3,144,217
Equipment	7	997,661
Properties	8	11,024,753
Total assets		16,821,311
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	9	613,790
Note payable	10	220,935
Due to related parties	12	3,606,220
		4,440,945
Non-current liabilities		
Debenture	12	7,051,914
Notes payable	10	267,800
Total liabilities		11,760,659
Shareholders' equity		
Share capital		2,484,793
Reserves		1,170,365
Deficit		(1,581,419)
Equity attributed to shareholders		2,073,739
Non-controlling interests		2,986,913
Total Equity		5,060,652
Total liabilities and shareholders' equity		16,821,311

Subsequent event (Note 17)

Approved and authorized for issuance by the Board of Directors on January 28, 2016

"Rajen Janda" Director

"Lucky Janda" Director

See accompanying notes to the consolidated financial statements

Ameri-Can Agri Co. Inc.
Consolidated statement of comprehensive loss
(Expressed in Canadian Dollars)

	Note	From October 17, 2014 (Incorporation) to September 30,
		$
Rental income		282,847
Rental expenses		42,025
		240,822
Expenses		
Amortization	7, 8	96,422
Consulting	11	63,536
Property development expenses		3,751
Office and administration		22,961
Professional fees		13,759
Trust and filing fees		7,439
Total operating expenses		207,868
Loss before other items		32,954
Other items:		
Change of fair value-marketable securities	4	441,000
Other income		4,500
Interest expense-debenture	12	(528,984)
Interest expense - notes	10	(10,198)
Impairment of properties	8	(394,881)
Write down of receivables	5	(2,198,398)
		(2,686,961)
Net loss		(2,654,007)
Other comprehensive income:		
Translation gain		1,446,745
Comprehensive loss		(1,207,262)
Net loss attributable to:		
Equity holders of the Company		(1,581,419)
Non-controlling interests		(1,072,588)
		(2,654,007)
Other comprehensive income attributable to:		
Equity holders of the Company		1,170,365
Non-controlling interests		276,380
		1,446,745
Comprehensive loss attributable to:		
Equity holders of the Company		(411,054)
Non-controlling interests		(796,208)
		(1,207,262)
Loss per share attributable to the equity holders of the		
Loss per share, basic and diluted		(0.06)
Weighted average number of outstanding shares, basic and diluted		41,519,085

See accompanying notes to the consolidated financial statements

Ameri-Can Agri Co. Inc.

Consolidated statement of cash flows

(Expressed in Canadian Dollars)

	From October 17, 2014 (Incorporation) to September 30, 2015
Cash (used in) provided by:	$
Operating activities	
Net loss	(2,654,007)
Items not involving cash :	-
Write down of receivables	2,198,398
Accrued interest on debenture and notes	539,182
Impairment of properties	394,881
Amortization	96,422
Change in fair value of marketable securities	(441,000)
Changes in non-cash operating working capital	-
Due to related party	1,026,467
Other receivables and prepaid	(1,804,517)
Accounts payable and accrued liabilities	36,832
Cash used in operating activities	(607,342)
Investing activities	
Cash acquired from the Arrangement	47,951
Acquisition of marketable securities	(236,000)
Loan receivable	(100,000)
Addition of properties	(242,934)
Cash used in investing activities	(530,983)
Financing activities	
Issuance of shares for cash	1,740,000
Cash provided by financing activities	1,740,000
Effect of foreign exchange on cash	372,148
Increase of cash	973,823
Cash, beginning of period	-
Cash, end of period	973,823
Supplementary information:	
Cash paid for interest	1,730
Cash paid for income taxes	–

Non-cash transactions during the period ended September 30, 2015 include:	
Properties purchased, included in notes payable	267,500
Properties purchased, included in due to related parties	111,560
Equipment purchased, included in accounts payable and accrued liabilities	480,002
Equipment purchased, included in due to related parties	555,049
Biological assets purchased, included in due to related parties	2,558,830

See accompanying notes to the consolidated financial statements

Ameri-Can Agri Co. Inc.
Consolidated statement of changes in equity
From October 17, 2014 to September 30, 2015
(Expressed in Canadian Dollars)

		Common shares		Reserve				
	Note	**Number**	**Amount**	**Translation gain (loss)**	**Retained earnings**	**Equity attributed to the equity holders of the Company**	**Non-controlling interests**	**Total equity**
October 17, 2014, date of inception		1	1	-	-	1	-	1
Completion of the Arrangement	3	30,646,671	744,792	-	-	744,792	1,982,462	2,727,254
Unit issuance - for cash	11	15,000,000	1,500,000	-	-	1,500,000	-	1,500,000
Warrant exercise	11	2,400,000	240,000	-	-	240,000	-	240,000
Translation from subsidiaries		-	-	1,170,365	-	1,170,365	276,380	1,446,745
Contribution by minority interest		-	-	-	-	-	1,800,659	1,800,659
Net loss		-	-	-	(1,581,419)	(1,581,419)	(1,072,588)	(2,654,007)
September 30, 2015		**48,046,672**	**2,484,793**	**1,170,365**	**(1,581,419)**	**2,073,739**	**2,986,913**	**5,060,652**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Ameri-Can Agri Co. Inc. (the "Company" or "Ameri-Can") was incorporated on October 17, 2014 in British Columbia as a wholly owned subsidiary of Mag One Products Inc. (formerly Acana Capital Corp.) ("Mag One"). The Company's principal activity is the acquisition and development of real estate and farming properties. The Company's head office is located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. On January 1, 2015 the Company spun out from Mag One and the Company's shares commenced trading on Canadian Securities Exchange ("CSE") under the symbol ACM (Note 3) on March 11, 2015.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2015, the Company is not able to finance its day to day activities through operations. The Company's continuation as a going concern is dependent whether the Company can be developed into a viable business and continued support from the Company's related persons. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value, and are presented in Canadian dollars, unless otherwise noted.

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries:

Name	Country of incorporation/formation	Ownership percentage
* JDLP LLP ("JDLP")	USA	50%
Ameri-Can Agri Co. ("Agri")	USA	100%
Acana Capital LLC. ("Acana")	USA	100%

* *The Company has control over the partnership; therefore, it is consolidated resulting in non-controlling interests being recorded in the consolidated statement of financial position.*

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, fair value of properties and biological assets, estimation of percentage of completion of the development of the biological assets, useful life of equipment and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty, the determination of the functional currencies of the parent and each subsidiary, and the classification of financial instruments.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss ("FVTPL") **-** Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company classifies its marketable securities as FVTPL.

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 subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash and other receivable as loan and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not hold any available-for-sale financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Functional currency and foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent company’s functional currency. The functional currency of all of the Company’s US subsidiaries is the US dollar.

Transactions and balances:

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional currency and foreign currency translation (continued)

Transactions and balances: (continued)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive loss.

Biological assets

The Company records its biological assets as cost less accumulated amortization, unless the fair value of the biological assets can be measured reliably. Cost consists of costs incurred planting and farming costs incurred until the point that such trees begin producing. If fair value can be measured reliably, biological assets are measured at fair value less cost to sell with gains and losses recorded in profit or loss. No amortization is taken before the biological assets are ready for use.

Properties

Properties are comprised of parcels of lands used for real estate projects which are developed, to be developed, or are in development, and two parcels of land that are being used for agricultural activity.

The Company account for all the lands and buildings in connection with the Company's real estate projects in accordance with IAS 40 - Investment Property. The Company capitalizes the acquisition and expenses development costs in the period in which they were incurred.

The Company amortizes its properties once they are available for use at 39 years straight line (commercial real estate properties).

Equipment

Equipment is comprised solely of the watering system used for farming purpose in connection with the Company's biological assets. Cost consists of acquisition installation and delivery. Cost less residual value, if any, is amortized on straight basis over the estimated useful life of 15 years.

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (continued)

The Company amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Revenue Recognition

Rental income is recognized when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the lease will flow to the Company;
- the stage of completion of the lease at the end of the reporting period can be measured reliably; and
- the costs incurred for and to complete the lease can be measured reliably.

Warrants

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the fair market value of the shares. If the proceeds from the offering are less than or equal to the fair market value of shares issued, a fair value of $Nil is assigned to the warrants.

Common-control transaction

Since the shareholders of the Company and Mag One upon close of the Arrangement were the same, the transaction was deemed a common-control transaction. As such, the assets and liabilities assumed by Company, including cash, other receivables, properties, accounts payable and accrued liabilities, amounts due to related parties, and the note payable, were originally recognized on the date of the Arrangement at the carrying value of the assets and liabilities according to the records of Mag One.

Income taxes

Current income tax:

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (continued)

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

New Accounting Standards and Interpretations

IFRS 9 Financial Instruments ("IFRS9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of this standard on its financial statements.

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

3. CORPORATE RESTURCTING

On January 1, 2015, the Company and Mag One entered into a plan of arrangement in order to proceed with a corporate restructuring (the "Arrangement"), whereby Mag One transferred the ownership of its 50% interest in JDLP, Agri and Acana, to the Company in return for 30,646,671 common shares of the Company ("Ameri-Can Shares") with a fair value of $744,792. Ameri-Can Shares were distributed to the shareholders of Mag One on a pro-rata basis based on their relative shareholdings of Mag One of the completion of the Arrangement, when the Company's common shares started trading on the CSE after all approvals were received. Upon the completion of the Arrangement, the Company was no longer a subsidiary of Mag One.

(Expressed in Canadian dollars)

3. CORPORATE RESTURCTING (Continued)

	$
Assets acquired by the Company	
Cash	47,951
Other receivable	260,345
Biological assets (Note 6)	508,312
Properties (Note 8)	9,393,747
Liabilities assumed by the Company	
Accounts payable and accrued liabilities	(75,622)
Debenture	(7,051,914)
Due to related parties	(163,719)
Note payable	(191,846)
Interest held by minority interest	(1,982,462)
Net assets acquired	744,792

The Arrangement received the approval and completed on March 11, 2015.

4. MARKETABLE SECURITIES

As at September 30, 2015, the Company's marketable securities comprise of shares and share purchase warrants of public companies. The fair value of warrants is determined using a Black–Scholes pricing model.

September 30, 2015	Cost	Gain	Fair value
	$	$	$
Common shares	236,000	224,000	460,000
Warrants	-	217,000	217,000
	236,000	441,000	677,000

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	September 30, 2015
Expected life of warrants	3.75 years
Annualized volatility	123%
Risk-free interest rate	0.66%
Dividend rate	0%

All the marketable securities acquired during the period ended September, 2015 are of public companies that have directors or officers common with the Company.

(Expressed in Canadian dollars)

5. OTHER RECEIVABLE

During the period ended September 30, 2015, the Company wrote off an amount owing from JDLP's 50% partner as this amount was not considered to be collectible. As a result, a write-down of $2,098,398 was recorded in the statement of comprehensive loss.

Additionally, during the period ended Spetember 30, 2015, the Company wrote off a loan of $100,000 owing from a company with common directors and officers due to the uncertainty of collectability (Note 12).

6. BIOLOGICAL ASSETS

As at September 30, 2015, the Company had immature non-current biological assets which were comprised of plantation bearer assets of walnut trees planted on the Company's properties located at 106 Glenn and 860 Corning (collectively the "Corning Properties") (Note 8).

Continuity of the cost of the biological assets are as follows:

	January 1, 2015	Additions	Effect of foreign exchange	September 30, 2015
	$	$	$	$
Deferred farming costs (Note 8 and 12)	508,312	2,406,140	229,765	3,144,217

7. EQUIPMENT

	$
Cost:	
At October 17, 2014	-
Additions	1,036,479
At September 30, 2015	1,036,479
Amortization:	
At October 17, 2014	-
Charge for the period	(36,605)
At September 30, 2015	(36,605)
Foreign exchange adjustment at September 30, 2015:	(2,213)
Net book value:	
At September 30, 2014	-
At September 30, 2015	997,661

(Expressed in Canadian dollars)

8. PROPERTIES

All of the properties were transferred from Mag One in accordance with the Arrangement on January 1, 2015 (Note 3). Continuity is as follows:

	January 1, 2015	Additions	Accumulated Amortization	Impairment	Effect of foreign exchange	September 30, 2015
	$	$	$	$	$	$
48th Ave Land	-	236,584	-	-	25,831	262,415
49th Ave Land	-	96,923	-	-	1,247	98,170
6565 Lang Ave	-	283,742	-	-	19,669	303,411
106 Glenn	534,151	-	-	-	80,994	615,145
860 Corning	2,921,798	-	-	-	443,031	3,364,829
Vineyard Plaza	2,919,947	-	-	(394,881)	439,990	2,965,056
Bader Road Lot	321,325	-	-	-	48,722	370,047
Tuscon Building	2,696,526	-	(59,719)	-	408,873	3,045,680
Total Properties	9,393,747	617,249	(59,719)	(394,881)	1,468,357	11,024,753

48 Ave Land: Vacant land which is intended for residential development.

49 Ave Land: Vacant land which is intended for residential development.

6565 Lang Avenue: Vacant land which is intended for residential development.

106 Glenn: Farm land in Corning, California, USA. The Company, owns 50% interest through its 50% owned limited liability partnership JDLP.

860 Corning: Farm land in Corning, California, USA. The Company, owns 50% interest through its 50% owned limited liability partnership JDLP. 106 Glenn and 860 Corning are adjacent to each other (collectively the “Corning Properties”).

The Company, through JDLP, entered into an agreement with a contractor to plant a walnut plantation over an area of approximately 350 acres on the Corning Properties at an estimated cost of USD $2,300,000 (Note 6).

Vineyard Plaza: Vacant land located in Sacramento County, California, USA, and is intended for commercial buildings development. During the period ended September 30, 2015, the Company impaired $394,881 of costs relating to the building of a gas station permit that was refused by the county.

Bader Road Lot: Vacant land located in Elk Grove, California, USA which is intended for multi-family residential development.

Tuscon Building: Industrial building located in 5575 S Houghton St., Tuscon, Arizona. This property is leased out for three years commencing January 1, 2015 to December 31, 2017 for US$20,000 per month.

(Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2015
	$
Trade payables	590,312
Interest payable (Note 10)	12,478
Accrued liabilities	11,000
	613,790

10. NOTES PAYABLE

As at September 30, 2015, the Company had the following notes payable:

Principal	**Current**	**Non-Current**	**Interest**	**Terms**	**Security**
US$	$	$	$		
165,000	220,935	-	8,795	Interest of 4% per annum, maturing on June 26, 2016	Bader Road Lot
100,000	-	133,900	2,054	Interest of 4% for the first 2 years and 5% per annum thereafter, maturing on May 19, 2019	48th Ave Land
100,000	-	133,900	1,629	Interest of 4% per annum maturing on July 1, 2018	6565 Lang Avenue
365,000	220,935	267,800	12,478		

Interest accrued of $12,478 (Note 9) is included in accounts payable and accrued liabilities as at September 30, 2015, of which $2,280 was transferred with the Arrangement.

11. SHARE CAPITAL

Authorized
Unlimited number of common shares and preferred shares without par value.

Issued
In March 2015, the Company issued 30,646,671 common shares to Mag One upon the completion of the Arrangement with fair value of $744,792 (Note 3).

On March 11, 2015, the Company completed a private placement for the issuance of 15,000,000 units for gross proceeds of $1,500,000. Each unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant can be exercised into one common share at $0.10 until March 11, 2020. The fair value of the warrants was determined to be $Nil. 10,500,000 common shares issued from this private placement are under escrow and will be released as follows: 25% on March 11, 2015, 25% on September 11, 2015, 25% on March 11, 2016, and 25% on September 11, 2016.

2,400,000 of the above share purchase warrants were exercised into 2,400,000 common shares of the Company for proceeds of $240,000.

(Expressed in Canadian dollars)

11. SHARE CAPITAL

Warrants

	Number of Warrants	Exercise price	Expiry date
Balance, October 17, 2015	-	-	
Granted	15,000,000	$0.10	March 11, 2020
Exercised	(2,400,000)	$0.10	March 11, 2020
Balance, September 30, 2015	12,600,000	$0.10	

As at September 30, 2015, warrants outstanding have a weighted average life of 4.45 years and average exercise price of $0.10.

Foreign currency translation reserve
The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

12. RELATED PARTY TRANSACTIONS

Key Management Compensation
Fees paid to the Company's management from October 17, 2014 to the period ended September 30, 2015 was $Nil.

Debenture
As at September 30, 2015, the Company had a debenture of principal of $7,051,914 ("Debenture') payable to to the Company's CEO and his spouse. The Debenture bears interest at 10% per annum, is due on March 25, 2018 and is secured against all of the Company's interests in the US. In addition to the interest, the holder of the Debenture is also entitled to the following:

- a bonus of $400,000 upon the Company having earned its first net income of $1,000,000 from its operations;
- another bonus of $400,000 upon the Company having earned its second net income of $1,000,000 from its operations**.**

As at September 30, 2015, the Company owed $1,086,192 to the CEO of the Company and his spouse (including interest expense payable on the debenture of $528,984). This amount is unsecured, non-interest bearing, due on demand, and is included in due to related parties.

Farming contract
During the period ended September 30, 2015, the Company contracted a company with common management to provide farming services on its biological assets. During the period ended September 30, 2015 the Company incurred $2,406,140 of costs to this company, which have been capitalized to biological assets.

Receivable
During the period ended September 30, 2015, the Company loaned $100,000 to a company with directors and officers in common. During the year ended September 30, 2015, the Company wrote off this received due to the uncertainty of collectability (Note 5).

12. RELATED PARTY TRANSACTIONS (Continued)

Revenue

During the period ended September 30, 2015, a company in which a director is a member of key management personnel have collected the revenue associated with its rental properties on behalf of the Company.

As at September 30, 2015, the Company owes this company in which a director is a member of key management personnel $2,513,333 for farming costs, net of revenues owing. This amount is non-interest bearing with no terms of repayment, and is included in due to related parties.

As at September 30, 2015, the Company owed its CFO $6,695, which is included in due to related parties. This amount is non-interest bearing with no terms of repayment and is included in due to related parties.

13. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 Company's primary exposure to credit risk is on its cash which is held in bank accounts. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its sale taxes receivable from the Canadian government; as such, the credit risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Market risk includes foreign exchange risk, interest rate risk, and price risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis

Price Risk

The Company is exposed to price risk in relation to listed marketable securities held at FVTPL. A 10% change in the market would result in a change of approximately $154,000 to comprehensive loss. Management regularly reviews the expected returns from holding such investment on an individual basis.

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as all of the interest bearing obligations have fixed interest rate.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2015
Loans and receivables:	$
Cash	973,823
FVTPL:	
Marketable securities	677,000
	1,650,823

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2015
Non-derivative financial liabilities:	$
Trade payables	590,312
Interest payable	12,478
Due to related parties	3,606,220
Debenture	7,051,914
Notes payable	488,735
	11,749,659

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (Continued)

Fair Value (continued)
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The following is an analysis of the Company's financial assets measured at fair value as September 30, 2015:

	Level 1	Level 2	Level 3
	$	$	$
Cash	973,823	-	-
Marketable Securities (Note 4)	460,000	217,000	-
	1,433,823	217,500	

Cash is measured at fair value using level 1 inputs.

14. SEGMENTS

Operating segments
The Company operates in a single reportable operating segment which is the acquisition and development of properties and biological assets in the US.

Geographic segments
All of the Company's non-current assets are located in the US and all revenue is earned in the US.

15. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its properties and biological assets and to sustain future development of the business. The capital structure of the Company consists of working and share capital.

There are no restrictions on the Company's capital. There were no changes in the Company's approach to capital management during the year.

(Expressed in Canadian dollars)

16. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2015
	$
Net loss before income taxes	(2,654,007)
Statutory tax rate	26%
Expected income tax recovery at the statutory tax rate	(690,042)
Non-deductible expenses	(57,330)
Foreign exchange and other	(608,315)
Changes in valuation allowance	1,355,687
Income tax recovery	-

The Company has the following deferred tax assets (liabilities) differences for which no deferred tax asset has been recognized:

	September 30, 2015
	$
Non-capital loss carry-forwards	831,669
Marketable securities	(57,330)
Properties	581,348
Deferred tax assets	1,355,687

The Company's has approximately $719,000 in Canaidan non-capital tax losses and approximately $1,416,000 in US non-capital tax losses which will expire in 2035.

17. SUBSEQUENT EVENT

On October 13, 2015, 250,000 warrants were exercised for cash proceeds of $25,000.