Acana Capital Corp.
(Formerly Ameri-Can Agri Co. Inc.)

Consolidated Financial Statements

Year ended September 30, 2016

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Acana Capital Corp (Formerly Ameri-Can Agri Co. Inc.),

We have audited the accompanying consolidated financial statements of Acana Capital Corp. (Formerly Ameri-Can Agri Co. Inc.), which comprise the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of income (loss), comprehensive income (loss), cash flows, and changes in shareholders' equity for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 Acana Capital Corp. (Formerly Ameri-Can Agri Co. Inc.) as at September 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended, 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 Acana Capital Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 30, 2017

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Consolidated statements of financial position
(Expressed in Canadian Dollars)

	Note	September 30, 2016	September 30, 2015
		$	$
Assets			
Current assets			
Cash		31,487	973,823
Marketable securities	6	3,535,311	677,000
Other receivable		2,715	3,857
		3,569,513	1,654,680
Non-current			
Biological assets	7	-	3,144,217
Equipment	8	-	997,661
Properties	9, 11	6,663,162	11,024,753
Total assets		10,232,675	16,821,311
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	90,597	613,790
Notes payable	11	460,000	220,935
Due to related parties	13	1,489,737	3,606,220
Income tax payable	17	33,678	-
		2,074,012	4,440,945
Non-current liabilities			
Debenture	13	2,876,902	7,051,914
Notes payable	11	262,340	267,800
Deferred tax liabilities	17	11,855	-
Total liabilities		5,225,109	11,760,659
Shareholders' equity			
Share capital	12	2,509,793	2,484,793
Reserve	12	985,577	1,170,365
Retained earnings (deficit)		1,512,196	(1,581,419)
Equity attributed to shareholders		5,007,566	2,073,739
Non-controlling interests	2,4	-	2,986,913
Total Equity		5,007,566	5,060,652
Total liabilities and shareholders' equity		10,232,675	16,821,311

Nature of operations and going concern (Note 1)
Subsequent events (Note 18)

Approved and authorized for issuance by the Board of Directors on January 30, 2017

"Rajen Janda"	*"Sonny Janda"*
Director	Director

See accompanying notes to the consolidated financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Consolidated statements of income (loss)
(Expressed in Canadian Dollars)

	Note	Year ended September 30, 2016	From October 17, 2014 (Incorporation) to September 30, 2015
		$	$
Rental income	9	375,840	282,847
Rental expenses		46,539	42,025
Net Rental income		329,301	240,822
Expenses			
Amortization		77,287	59,305
Consulting		58,070	63,536
Office and administration		115,060	13,301
Property development		–	3,751
Professional fees		17,448	13,759
Trust and filing fees		20,374	7,439
Total operating expenses		288,239	161,091
Income (loss) from operations:		41,062	79,731
Change in fair value of marketable securities	6	2,238,385	441,000
Gain on warrants	6	31,295	–
Gain on disposition of marketable securities	6	39,700	–
Gain on disposition of property	9	51,937	–
Gain on disposition of subsidiary	4	1,418,681	–
Consulting revenue	13	43,500	4,500
Recovery of bad debt	13	112,281	–
Interest expense - note	11	(42,595)	(10,198)
Interest expense - debenture	13	(695,933)	(528,984)
Impairment of properties	8	–	(394,881)
Write down of receivable		–	(100,000)
Income (loss) before income taxes		3,238,313	(508,832)
Income tax expenses	17	(33,678)	–
Deferred tax expenses	17	(11,855)	–
Income (loss) from continued operation		3,192,780	(508,832)
Loss from discontinued operations	4	(99,165)	(2,145,175)
Income (loss) for the year		3,093,615	(2,654,007)
Net income (loss) attributable to:			
Equity holders of the Company		3,143,198	(1,581,419)
Non-controlling interests		(49,583)	(1,072,588)
		3,093,615	(2,654,007)
Loss per share attributable to the equity holders of the Company			
Earnings (loss) per share, basic and diluted		0.07	(0.04)
Weighted average number of outstanding shares, basic and diluted		48,234,172	41,519,085

See accompanying notes to the consolidated financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Consolidated statements of comprehensive income (loss)
(Expressed in Canadian Dollars)

	Note	Year ended September 30,	From October 17, 2014 (Incorporation) to September 30, 2015
		$	$
Income (loss) for the year		3,093,615	(2,654,007)
Other comprehensive loss:			
Foreign currency translation adjustment		(184,788)	1,446,745
Comprehensive income (loss)		2,908,827	(1,207,262)
Other comprehensive income (loss) attributable to:			
Equity holders of the Company		(184,788)	1,170,365
Non-controlling interests		–	276,380
		(184,788)	1,446,745
Comprehensive income (loss) attributable to:			
Equity holders of the Company		2,958,410	(411,054)
Non-controlling interests		(49,583)	(796,208)
		2,908,827	(1,207,262)

See accompanying notes to the consolidated financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)

Consolidated statements of cash flows

(Expressed in Canadian Dollars)

	Year ended September 30, 2016	From October 17, 2014 (incorporation) to September 30, 2015
Cash provided by (used in):	$	$
Operating activities		
Income (loss) for the year	3,093,615	(2,654,007)
Items not involving cash :		
Amortization	77,287	59,372
Change in fair value of marketable securities	(2,238,385)	(441,000)
Gain on donated warrants	(31,295)	-
Gain on disposition of subsidiary	(1,418,681)	-
Gain on disposition of marketable securities	(39,700)	-
Gain on disposition of property	(51,937)	-
Write-down of receivables	-	100,000
Impairment of properties	-	394,881
Interest expenses	738,528	539,182
Income taxes	33,678	-
Deferred taxes	11,855	-
Changes in non-cash operating working capital		
Due to related parties	(1,056,548)	1,493,345
Other receivables	1,142	(3,858)
Accounts payable and accrued liabilities	(41,105)	111,611
Cash used in operating activities - continued operations	(921,546)	(400,474)
Cash provided by (used in) operating activities - discontinued operations	153,992	(206,868)
Investing activities		
Acquisition of marketable securities	(591,011)	(236,000)
Cash acquired from the Arrangement	-	47,951
Proceeds from sale of marketable securities	42,080	-
Addition to properties	(18,871)	(243,241)
Loan receivable	-	(100,000)
Cash used in investing activities - continued operations	(567,802)	(531,290)
Cash provided by investing activities - discontinued operations	-	307
Financing activities		
Proceeds from issuance of promissory note	460,000	-
Issuance of shares for cash	25,000	1,740,000
Cash provided by financing activities - continued operations	485,000	1,740,000
Cash provided by financing activities - discontinued operations	-	-
Effect of holding cash in foreign currency	(91,980)	372,148
Increase (decrease) of cash	(942,336)	973,823
Cash, beginning of year	973,823	-
Cash, end of year	31,487	973,823
Supplementary information:		
Cash paid for interest	-	1,730
Cash paid for income taxes	-	-

See accompanying notes to the consolidated financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian Dollars)

		Common shares		Reserve				
	Note	Number	Amount	Translation gain (loss)	Deficit	Equity attributed to the equity holders of the Company	Non-controlling interests	Total
			$	$	$	$	$	$
October 17, 2014, date of inception		1	1	-	-	1	-	1
Completion of Arrangement	**3**	30,646,671	744,792	-	-	744,792	1,982,462	2,727,254
Unit issuance for cash	**12**	15,000,000	1,500,000	-	-	1,500,000	-	1,500,000
Exercise of warrants	**12**	2,400,000	240,000	-	-	240,000	-	240,000
Change in foreign currency translation		-	-	1,170,365	-	1,170,365	276,380	1,446,745
Contribution from minority interest		-	-	-	-	-	1,800,659	1,800,659
Net loss for the year		-	-	-	(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**
Disposition of non-controlling interests upon disposition of subsidary	**4**	-	-	-	(49,583)	(49,583)	(2,937,330)	(2,986,913)
Change in foreign currency translation		-	-	(184,788)	-	(184,788)	-	(184,788)
Exercise of warrants	**12**	250,000	25,000	-	-	25,000	-	25,000
Net income for the year		-	-	-	3,143,198	3,143,198	(49,583)	3,093,615
September 30, 2016		**48,296,672**	**2,509,793**	**985,577**	**1,512,196**	**5,007,566**	**-**	**5,007,566**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Acana Capital Corp. ("Acana" or the "Company"), formerly known as Ameri-Can Agri Co. Inc., was incorporated on October 17, 2014 in British Columbia. The Company changed its name on February 8, 2016. 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 was spun out from its former parent company, Mag One Products Inc. ("Mag One"). The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "ACM".

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, 2016, 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"). The financial statements were authorized for issue by the Board of Directors on January 30, 2016.

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 as at September 30,	
		2016	2015
* JDLP LLP ("JDLP")	USA	Nil	50%
Ameri-Can Agri Co. ("Agri")	USA	100%	100%
Acana Capital LLC. ("Acana")	USA	100%	100%

* *During the year ended September 30, 2016, the Company disposed its 50% interest of JDLP (Note 4).*

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 the fair value of financial instruments, the fair value of properties and biological assets, the useful life of equipment, the fair value of share-based payments and the recoverability and measurement of deferred tax assets and liabilities.

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 subsidiaries, and the classification of financial instruments.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted earnings (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 earnings (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. Diluted amounts are not presented when the effect of the computations are anti-diluted.

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 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 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. Cost less residual value, if any, is amortized over the estimated useful life biological assets which management estimates is 50 years. 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 start producing.

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.

Subsequent to initial recognition, properties are stated at cost. In the absence of active markets, the fair value of these properties cannot be reliably measured.

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 costs. 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 issued in equity financing transaction
The Company allocates a value to warrants issued as part of a unit in private placement offerings using the residual method, whereby the value in excess of the market price of the shares is allocated to the warrant.

Common-control transaction
Since the shareholders of the Company and Mag One Products Inc. ("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 notes 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
<u>Current income tax:</u>
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.

Accounting standards issued but not yet applied
A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2016, and have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments
This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

a) Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
b) Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
c) Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
d) Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet applied (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

a) Identify the contract with the customer
b) Identify the performance obligations in the contract
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contracts
e) Recognize revenue when (or as) the entity satisfies a performance obligation.

Applicable to the Company's annual period beginning October 1, 2018.

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations 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 upon the completion of the Arrangement, March 11, 2015, and the Company ceased to be a subsidiary of Mag One.

	$
Assets acquired by the Company	
Cash	47,951
Other receivable	260,345
Biological assets (Note 7)	508,312
Properties (Note 9)	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

(Expressed in Canadian dollars)

4. DISPOSITION OF SUBSIDIARY

During the year ended September 30, 2016, the Company entered into a purchase agreement with Crocker Acana LLC, whereby the Company agreed to sell its 50% interest in the JDLP partnership in exchange for US$2,875,000.

	$
Proceeds	3,771,138
Assets disposed by the Company	
Farming equipment	909,849
Biological assets (Note 7)	3,152,652
Properties (Note 9)	3,907,448
Liabilities disposed by the Company	
Bank indebtedness	(79)
Accounts payable and accrued liabilities	(2,680,082)
Net assets disposed of	(5,289,788)
Non-controlling interest at disposition date	2,937,330
Gain on disposition	1,418,681

The operations that were disposed of are considered a discontinued operation of the Company with the following details:

	2016	**2015**
	$	$
Amortization	(70,191)	(37,117)
Office and administration	(28,974)	(9,660)
Write down of receivables	-	(2,098,398)
Profit (loss)	(99,165)	(2,145,175)

5. OTHER RECEIVABLES

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 year ended September 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 13).

(Expressed in Canadian dollars)

6. MARKETABLE SECURITIES

The Company's marketable securities comprise of shares and share purchase warrants of public companies.

September 30, 2016	Cost	Change in Fair Value	Fair value
	$	$	$
Common shares	1,373,427	1,767,513	3,104,940
Warrants	-	430,371	430,371
	1,373,427	2,197,884	3,535,311

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

On August 8, 2016, the former Chief Executive Officer (former "CEO") of the Company donated to the Company 1,000,000 warrants of a public company with a common director with a total fair value of $31,294. On August 25, 2016, the Company exercised all the warrants. The fair value of the warrants were determined using the Black-Scholes option pricing model with the following assumptions:

	August 8, 2016
Expected life of warrants	3.28 years
Annualized volatility	97%
Risk-free interest rate	1.13%
Dividend rate	0%

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

	September 30, 2016	September 30, 2015
Expected life of warrants	4.72	3.75
Annualized volatility	195%	123%
Risk-free interest rate	0.62%	0.66%
Dividend rate	0%	0%

(Expressed in Canadian dollars)

6. BIOLOGICAL ASSETS

During the year ended September 30, 2016, the Company sold its subsidiary JDLP which owns biological assets. Biological assets consist of a plantation of walnut trees planted on the Company's properties located at 106 Glenn and 860 Corning (collectively the "Corning Properties") (Note 4).

The biological assets are as follows:

	September 30, 2015	Additions	Effect of foreign exchange	Disposal	September 30, 2016
	$	$	$	$	$
Deferred farming costs	3,144,217	66,260	(57,826)	(3,152,651)	-

	January 1, 2015	Additions	Effect of foreign exchange	Disposal	September 30, 2015
	$	$	$	$	$
Deferred farming costs	508.312	2,406,140	229,765	-	3,144,217

7. EQUIPMENT

During the year ended September 30, 2016, the Company sold its subsidiary JDLP which owns equipment (Note 4). The equipment was used in farming operations.

Cost:	$
At October 17, 2014	-
Additions	1,036,479
At September 30, 2015	1,036,479
Additions	-
Foreign exchange adjustment at disposal	(20,304)
Disposal	(1,016,175)
At September 30, 2016	-
Amortization:	
At October 17, 2014	-
Charge for the period	(36,605)
At September 30, 2015	(36,605)
Charge for the period	(70,191)
Foreign exchange adjustment at disposal	469
Disposal	106,327
At September 30, 2016	-
Foreign exchange adjustment at September 30, 2015:	(2,213)
Foreign exchange adjustment at September 30, 2016:	-
Net book value:	
At September 30, 2015	997,661
At September 30, 2016	-

(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).

	September 30, 2015	Additions	Disposition	Accumulated amortization	Effect of foreign exchange	September 30, 2016
	$	$	$	$	$	$
48th Ave Land	262,415	-	-	-	(5,351)	257,064
49th Ave Land	98,170	-	-	-	(2,001)	96,169
6565 Lang Ave	303,411	19,767	-	-	(6,186)	316,992
106 Glenn*	615,145	-	(603,935)	-	(11,210)	-
860 Corning*	3,364,829	-	(3,303,513)	-	(61,316)	-
Vineyard Plaza	2,965,056	-	-	-	(60,452)	2,904,604
Bader Road Lot**	370,047	-	(181,293)	-	(7,502)	181,252
Tuscon Building	3,045,680	-	-	(77,287)	(61,312)	2,907,081
Total	11,024,753	19,767	(4,088,741)	(77,287)	(215,330)	6,663,162

	January 1, 2015	Additions	Impairment	Accumulated amortization	Effect of foreign exchange	September 30, 2015
	$	$	$	$	$	$
48th Ave Land	-	36,584	-	-	25,831	262,415
49th Ave Land	-	96,923	-	-	1,247	98,170
6565 Lang Ave	-	83,742	-	-	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	9,393,747	617,249	(394,881)	(59,719)	1,468,357	11,024,753

*106 Glenn and 860 Corning were disposed when 50% of JDLP was sold (Note 4).

**Bader Road Lot: Vacant land located in Elk Grove, California, USA. During the year ended September 30, 2016, the Company sold 50% of the Bader Road Lot. The consideration was the settlement of the loan in the principal amount of $211,926 (USD $165,000) and accrued interest of $16,913 (USD $13,168). The loan was secured by the Bader Road Lot (Note 11). The Company recorded a gain of $51,937.

Vineyard Plaza: Vacant land which is intended for commercial buildings development.

48 Ave Land: Vacant land which is intended for multi-family development.

49 Ave Land: Vacant land which is intended for multi-family development.

9. PROPERTIES (Continued)

6565 Lang Avenue: Vacant land which is intended for multi-family development.

Tuscon building: This is an 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.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016	September 30, 2015
	$	$
Trade payables	55,719	590,312
Interest payable (Note 11)	19,878	12,478
Accrued liabilities	15,000	11,000
	90,597	613,790

11. NOTES PAYABLE

As at September 30, 2016, the Company had the following notes payable denoted in US dollars:

Principal in USD	Principal In CAD	Current	Non-Current	Interest	Terms	Security
		$	$	$		
100,000	131,170	-	131,170	7,259	Interest of 4% for the first 2 years and 5% per annum thereafter, due on May 19, 2019	48th Ave
100,000	131,170	-	131,170	6,843	Interest of 4% per annum due on July 1, 2018	6565 Lang Avenue
200,000	262,340	-	262,340	14,102		

As at September 30, 2016, the Company had the following notes payable denoted in Canadian dollars:

Principal in CAD	Current	Non-Current	Interest	Terms	Security
	$	$	$		
300,000	300,000	-	4,685	Interest at 6% per annum, due on demand (i)	Unsecured
100,000	100,000	-	918	Interest at 5% per annum, due on demand	Unsecured
60,000	60,000	-	173	Interest at 5% per annum, due on demand	Unsecured
460,000	460,000	-	5,776		

(i) Note 13

(Expressed in Canadian dollars)

11. NOTES PAYABLE (Continued)

During the year ended September 30, 2016, the Company borrowed from an arm's length party an amount of $1,000,000. The principal of $1,000,000 and interest of $25,000 was fully repaid as at September 30, 2016.

As at September 30, 2016, interest accrued of $19,878 (Note 10) is included in accounts payable and accrued liabilities.

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

Principal in USD	Principal in CAD	Current	Non-Current	Interest	Terms	Security
$	$	$	$	$		
165,000(i)	220,955(i)	220,935	-	8,795	Interest of 4% per annum, due on June 26, 2016	Bader Road Lot
100,000	133,900	-	133,900	2,054	Interest of 4% for the first 2 years and 5% per annum thereafter, due on May 19,	48th Ave Land
100,000	133,900	-	133,900	1,629	Interest of 4% per annum due on July 1, 2018	6565 Lang Avenue
365,000	488,735	220,935	267,800	12,478		

(i) Principal and interest has been fully repaid during the year ended September 30, 2016.

As at September 30, 2015, accrued interest of $12,478 (Note 10) is included in accounts payable and accrued liabilities.

12. SHARE CAPITAL

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

Issued
During the year ended September 30, 2016, 250,000 warrants were exercised into 250,000 common shares for gross proceeds of $25,000.

In March 2015, the Company issued 30,646,671 common shares 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 warrant of the Company. Each warrant is exercisable 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 were held in escrow and are released as follows: 25% on March 11, 2015, 25% on September 11, 2015, 25% on March 11, 2016, and 25% on September 11, 2016.

During the year ended September 30, 2015, 2,400,000 of the above share purchase warrants were exercised into 2,400,000 common shares for gross proceeds of $240,000.

(Expressed in Canadian dollars)

12. SHARE CAPITAL (Continued)

Warrants

	Number of Warrants	Weighted Average Exercise price per warrant
Balance, October 17, 2014	-	-
Granted	15,000,000	$0.10
Exercised	(2,400,000)	$0.10
Balance, September 30, 2015	12,600,000	$0.10
Exercised	(250,000)	$0.10
Balance, September 30, 2016	12,350,000	$0.10

As at September 30, 2016, warrants outstanding have an exercise price of $0.10 per share and expire on March 11, 2020.

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.

13. RELATED PARTY TRANSACTIONS

Key Management Compensation

During the year ended September 30, 2016, consulting fees paid to the Company's former CEO was $25,000 (2015 - $Nil).

During the year ended September 30, 2016, consulting fees paid to a director of the Company was $5,000 (2015 - $Nil).

Compensation to related parties

During the year ended September 30, 2016, consulting fees paid to a company with a common director was $3,000 (2015 -$Nil).

During the year ended September 30, 2016, consulting fees and rent paid to a company with common key management was $32,800 (2015 - $Nil).

Debenture

As at September 30, 2016, the Company had a debenture of principal of $2,876,902 payable to the Company's former CEO and his spouse (2015 - $7,051,914). 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. The Company has repaid $4,175,012 during the year ended September 30, 2016.

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

13. RELATED PARTY TRANSACTIONS (Continued)

Marketable securities
As at September 30, 2016, the Company's marketable securities included common shares and warrants with a total cost of $420,001 (2015 - $1,917,504) and a total fair value of $1,301,020 (2015 - $677,000) of companies with common directors or officers with the Company.

Recovery of bad debt
During the year ended September 30, 2016, the Company recorded a recovery from bad debt of $112,281, which was related to a promissory note receivable from a company with common directors and officers. The receivable was impaired during the year ended September 30, 2015 and was comprised of a principal balance of $100,000 and accrued interest of $12,281.

Due to related parties
As at September 30, 2016, the balance due to related parties consist of the following:

- $155,385 due to the former CEO of the Company and his spouse (2015 - $557,245)
- Accrued interest of $1,218,391 in connection with the debenture (2015 -$528,947)
- $Nil owing to a Company with common key management (2015 - $2,513,333)
- $Nil owing to the CFO (2015 - $6,695)
- $115,961 owing to a company with common key management.This company became a related party due to the appointment of a new CFO during the year.

These amounts owing are unsecured, non-interest bearing, due on demand.

Note payable
During the year ended September 30, 2016, the Company entered into a promissory note with a company controlled by the former CEO, whereby the Company agrees to pay a principal balance of $300,000 (2015 - $Nil) due on demand. As at September 30, 2016, the balance outstanding including the principal balance and accrued interest was $304,681 (Note 11).

Other income
During the year ended September 30, 2016, the Company received $40,000 for consulting services provided to a company with a common director. The revenue was recorded as other income.

14. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk associated with a counterparty's inability to fulfull its payment 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.

(Expressed in Canadian dollars)

14. FINANCIAL RISK MANAGEMENT (Continued)

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. As at September 30, 2016, the Company had current assets of $3,569,513 to settle current liabilities of $2,074,012 resulting in working capital of $1,495,501.

Market risk includes foreign exchange risk, interest rate risk, and price risk. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis.

The following table summarizes information about the Company's financial obligations:

	2016	**2015**
	$	$
Accounts payable and accrued liabilities	90,597	613,790
Due to related parties	1,489,737	3,606,220
Debenture	2,876,902	7,051,914
Notes payable	722,340	488,735
	5,179,576	11,760,659

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 $392,000 to comprehensive loss. Management regularly reviews the expected returns from holding such investment on an individual basis.

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.

(Expressed in Canadian dollars)

14. FINANCIAL RISK MANAGEMENT (Continued)

Classification of financial instruments

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

	September 30, 2016	September 30, 2015
Loans and receivables:	$	$
Cash	31,487	973,823
FVTPL:		
Marketable securities	3,535,311	677,000

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

	September 30, 2016	September 30, 2015
Non-derivative financial liabilities:	**$**	**$**
Trade payables	55,719	590,312
Interest payable	19,878	12,478
Due to related parties	1,489,737	3,606,220
Debenture	2,876,902	7,051,914
Notes payable	722,340	488,735
	5,164,576	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.

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.

September 30, 2015:	**Level 1**	**Level 2**	**Level 3**
	$	$	$
Marketable Securities (Note 6)	460,000	217,000	-

September 30, 2016:	**Level 1**	**Level 2**	**Level 3**
	$	$	$
Marketable Securities (Note 6)	3,104,940	430,371	-

(Expressed in Canadian dollars)

15. SEGMENTS

Operating segments

The following is summarized financial information of the Company's reportable segments for the year ended September 30, 2016:

	Farming	Real Estate Investment	Corporate	Consolidated
	$	$	$	
Net income (loss)	(99,165)	1,574,475	1,618,308	3,093,615
Total assets	-	6,690,537	3,542,138	10,232,675
Total liabilities	-	(514,638)	(4,710,111)	(5,224,749)
Net assets (liabilities)	-	6,175,899	(1,167,973)	5,007,926

Geographic segments

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

16. 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.

17. INCOME TAXES

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

September 30,	September 30, 2016	September 30, 2015
	$	$
Net income (loss) before income taxes from continued operations	3,238,313	(2,654,007)
Loss from discontinued opeartions	(99,165)	-
Net income (loss) before income taxes	3,139,148	(2,654,007)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	936,535	(690,042)
Non-deductible expenses	(491,716)	(57,330)
Adjustment to prior year provision versus statuory returns	290,918	-
Adjustment due to disposal of subsidiary	549,937	-
Foreign exchange and other	7,033	(608,315)
Changes in valuation allowance	(1,247,175)	1,355,687
Total income tax expenses	45,533	-
Current income tax expenses	33,678	-
Deferred tax expenses	11,855	-

(Expressed in Canadian dollars)

17. INCOME TAXES (Continued)

The Company has the following deferred tax liabilities which have been recognized:

September 30,	September 30, 2016	September 30, 2015
	$	$
Non-capital loss carry-forwards	448,732	831,669
Marketable securities	(352,075)	(57,330)
Properties	-	581,348
	96,657	1,355,687
Unrecognized deferred tax assets	(108,512)	(1,355,687)
Net deferred tax liabilities	(11,855)	-

The Company's has approximately $1,278,387 in Canadian non-capital tax losses and approximately $260,891 in US non-capital tax losses which will expire in 2035-2036.

18. SUBSEQUENT EVENTS

In October 2016, the Company entered into a unsecured promissory note with a relative of the former CEO, whereby the Company agrees to repay a principal balance of $45,000 on November 2, 2017. The note has an interest rate of 3% per annum.

In October 2016, the Company subscribed to a private placement to purchase 2,250,000 units at a cost of $45,000. Each unit consists of one common share and one warrant exercisable at $0.05 per share for a period of five years.