HARVEST ONE CAPITAL INC.

AMENDED FILING STATEMENT

DATED AS OF APRIL 19, 2017

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Filing Statement including the summary hereof. Terms and abbreviations used in the financial statements of the Corporation, United Greeneries, Satipharm and the Resulting Issuer and in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* (Canada), as may be amended from time.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Share Exchange Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than Harvest relating to:

(a) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of either the Targets and their subsidiaries or of 20% or more of the voting, equity or other securities of the Targets or any of their subsidiaries (or rights or interests therein or thereto);

(b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of the Targets or any of their subsidiaries;

(c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Targets or any of their subsidiaries; or

(d) any other similar transaction or series of transactions involving the Targets or any of their subsidiaries.

"**Affiliate**" means a company that is affiliated with another company as described below:

(a) A company is an "Affiliate" of another company if:

  (i) one of them is the subsidiary of the other; or

  (ii) each of them is controlled by the same Person.

(b) A company is "controlled" by a Person if:

  (i) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

  (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

(c) A Person beneficially owns securities that are beneficially owned by:

  (i) a company controlled by that Person; or

  (ii) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Agency Agreement**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**Agents**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**Agents' Cash Commission**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Private Placement*".

"**Agents' Options**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Private Placement*".

"**AI FAME**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – Satipharm*".

"**Allard**" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry*".

"**Arm's Length Transaction**" means a transaction which is not a Related Party Transaction.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity;

(d) in the case of a Person, who is an individual:

(i) that Person's spouse or child; or

(ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"**ASX**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Listing and Market Price of Common Shares*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended.

"**Bill C-45**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – Narrative Description Of The Business- Canadian Regulatory Environment – Bill C-45*".

"**CBD**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – Satipharm*".

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada), as amended.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Charter**" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry*".

"**Closing**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**Closing Date**" means the day that the Transaction closes, which shall not be prior to the date upon which all regulatory approvals have been obtained for the transactions described herein, and including specifically the approvals of the Exchange and the ASX for the Transaction and all conditions contained in the Share Exchange Agreement shall be met or waived.

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**Consideration Shares**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction*".

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**Corporation**" or "**Harvest**" means Harvest One Capital Inc., a corporation incorporated under the BCBCA. Where used in a context occurring after giving effect to the Transaction, references to Harvest are also references to the Resulting Issuer.

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"**CPC Policy**" means Exchange Policy 2.4 – *Capital Pool Companies*.

"**Duncan Facility**" has the meaning ascribed to such term under the heading "*Risk Factors*".

"**Consolidation**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Consolidation*".

"**Duncan Lease**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – United Greeneries*".

"**Exchange**" or "**TSX-V**" means the TSX Venture Exchange Inc.

"**Exchange Policies**" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "**Exchange Policy**" means any one of them.

"**Expansion Lease**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm - General Development of the Business - History - United Greeneries - Events Subsequent to 2016*."

"**Escrow Agent**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Private Placement*".

"**Escrow Agreement**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – CPC Escrowed Securities*".

"**Escrow Release Conditions**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Private Placement*"

"**Escrowed Funds**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Private Placement*".

"**FDA**" means the *Food and Drug Act* (Canada), as amended.

"**FDR**" means the *Food and Drug Regulations* (Canada), as amended.

"**Filing Statement**" means this amended filing statement of the Corporation dated April 19, 2017.

"**Final Exchange Bulletin**" means the bulletin which is issued following Closing of the Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Transaction.

"**G&A**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Estimated Funds Available and Intended Use – Intended Use of Funds*".

"**GelPell**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – Satipharm*".

"**GelPell Manufacturing Agreement**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – Satipharm*".

"**GMP**" means Good Manufacturing Practice.

"**Harvest Board**" means the board of directors of Harvest.

"**Harvest Common Shares**" means common shares in the capital of Harvest.

"**Harvest Preferred Shares**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Description of the Securities – Harvest Preferred Shares*".

"**Harvest Shareholders**" has the meaning ascribed to such term under the heading "*Risk Factors*".

"**Harvest Stock Option Plan**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – Stock Option Plan*".

"**Harvest Subscription Receipts**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**holding company**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – CPC Escrowed Securities*".

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of an issuer;

(b) a director or senior officer of a company that is an insider or subsidiary of an issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of an issuer; or

(d) an issuer itself if it holds any of its own securities.

"**Lead Agent**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**License**" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Resulting Issuer - Reliance on Licenses*"

"**Licensed Producer**" has the meaning ascribed to such term in the ACMPR.

"**Lucky Lake Facility**" has the meaning ascribed to such term under the heading ""*Risk Factors - Risks Relating to the Resulting Issuer - Reliance on the Facilities*".

"**MD&A**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Selected Pro Forma Consolidated Financial Information*".

"**Member**" means a Person who has executed the Members' Agreement, as amended, and is accepted as and becomes a member of the Exchange under the Exchange Policies.

"**Members' Agreement**" means the Members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange.

"**MMAR**" means the *Marihuana Medical Access Regulations* (Canada), as amended.

"**MMJ**" means MMJ PhytoTech Limited, a corporation incorporated under the laws of Australia.

"**MMJ Board**" means the board of directors of MMJ.

"**MMJ Share Consideration**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**MMPR**" means the *Marihuana for Medical Purposes Regulations* (Canada), as amended.

"**Mobile**" means Mobile Corporation.

"**Mobile Transaction**" has the meaning ascribed to such term under the heading "*Part I. Information Concerning Harvest – General Development of the Business - History*".

"**Named Executive Officer**" has the meaning ascribed to such term under the heading "*Part II. Information Concerning United Greeneries and Satipharm – Executive Compensation – Summary Compensation Table*".

"**NCR**" means the *Narcotics Control Regulations* (Canada), as amended.

"**NEX**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Listing and Market Price of Common Shares*".

"**Non-Arm's Length Party**" means in relation to a company, a Promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a Promoter, officer, director, Insider or Control Person.

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

"**Over-Allotment Option**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**Party**" means the Liberal Party of Canada.

"**Person**" means a company or individual.

"**Phyto UK**" means PhytoTechMedical (UK) Pty Ltd., a corporation incorporated under the laws of the England and Wales.

"**PhytoTech Medical**" means Phytotech Medical Ltd., a corporation incorporated under the laws of Australia.

"**PhytoTech Therapeutics**" means PhytoTech Therapeutics Ltd., a corporation incorporated under the laws of Israel.

"**Principals**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities*".

"**Private Placement**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**Promoter**" means a promoter as prescribed by applicable securities laws.

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"**Related Party Transaction**" has the meaning ascribed to such term in the Exchange Policies, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm's Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction.

"**Resulting Issuer**" means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin and in this Filing Statement means "Harvest One Capital Inc." following completion of the Transaction and issuance of the Final Exchange Bulletin. It is anticipated that the Resulting Issuer will change its name from "Harvest One Capital Inc." to "Harvest One Cannabis Inc.".

"**Resulting Issuer Common Shares**" means the common shares of the Resulting Issuer following Closing of the Transaction.

"**Resulting Issuer Preferred Shares**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning Harvest – Description of the Securities – Resulting Issuer Preferred Shares*".

"**Resulting Issuer Stock Option Plan**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Options to Purchase Securities – Stock Option Plan*".

"**Reverse Takeover**" has the meaning ascribed to such term in Exchange Policy 5.2 – *Changes of Business and Reverse Takeovers*.

"**Satipharm**" means Satipharm AG, a corporation incorporated under the *Swiss Code of Obligations* (Switzerland), as amended, and a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

"**Satipharm Shares**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, having a website address at www.sedar.com.

"**Seed Shares**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – CPC Escrowed Securities*".

"**Share Exchange Agreement**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the Exchange.

"**Smith**" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry*".

"**Solimar**" means Solimar Energy Limited.

"**Sponsor**" has the meaning ascribed to such term in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

"**Superior Proposal**" means any unsolicited bona fide written Acquisition Proposal from a Person who is an arm's length third party made after the date of the Share Exchange Agreement: (i) that is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; and (ii) in respect of which the MMJ Board and any relevant committee thereof determines, in its good faith judgment, after receiving the advice of its outside legal counsel and its financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, than the Transaction.

"**Surplus Security Escrow Agreement**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities*".

"**Target Company**" means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

"**Target Debt**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**Target Shareholder Share Consideration**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction*".

"**MMJ Share Consideration**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction*".

"**Targets**" means, collectively, United Greeneries and Satipharm, and "**Target**" means any one of them;

"**Task Force**" has the meaning ascribed to such term under the heading "*Risk Factors - Risks Relating to the Medical Cannabis Industry – Competition*".

"**THC**" means tetrahydrocannabinol.

"**Top Strike**" means Top Strike Resources Limited.

"**Transaction**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**TSX**" means the Toronto Stock Exchange.

"**Undertaking**" has the meaning ascribed to such term under the heading ""*Risk Factors - Risks Relating to the Transaction - Exchange Restrictions on Business*".

"**Unit**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

"**United Greeneries**" means United Greeneries Holdings Ltd., a corporation incorporated under the laws of the Province of British Columbia and a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

"**United Greeneries LP**" means United Greeneries Ltd., a corporation incorporated under the laws of the Province of British Columbia and a wholly-owned subsidiary of United Greeneries.

"**United Greeneries Shares**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – The Transaction – Share Exchange Agreement*".

"**Value Security Escrow Agreement**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities*".

"**Value Securities**" has the meaning ascribed to such term under the heading "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities*".

"**Voting Shares**" means a security of an issuer that (a) is not a debt security, and (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

"**W2G**" means Waste 2 Greens Technologies, a private Ontario company.

"**Warrant**" has the meaning ascribed to such term under the heading "*Summary of Filing Statement – Private Placement*".

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless otherwise indicated, all references to "$" in this Filing Statement refer to Canadian dollars, all references herein to "US$" in this Filing Statement refer to U.S. dollars, all references to "€" in this Filing Statement refer to European euros, all references to "CHF" in this Filing Statement refers to Switzerland francs and all references to "A$" this Filing Statement refer to Australian dollars.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING INFORMATION

This Filing Statement contains forward-looking statements or forward-looking information within the meaning of applicable securities laws which may include, but is not limited to, statements or information with respect to the anticipated benefits resulting from the Transaction, the timing and success of applications to obtain approvals required with respect to the Transaction and the nature of the business and operations of the Resulting Issuer following the completion of the Transaction. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Examples of such statements include: (a) the intention to complete the Transaction and the terms on which the Transaction is intended to be completed; (b) the description of the Resulting Issuer that assumes completion of the Transaction; and (c) in respect of the Resulting Issuer, United Greeneries and Satipharm, statements pertaining to United Greeneries and Satipharm's proposed operations and method for funding thereof, expectations regarding the ability to raise capital and to be able to obtain and maintain all applicable licenses and permits for United Greeneries and Satipharm's operations, treatment under governmental regulatory regimes and tax laws, capital expenditure programs and the timing and method of financing thereof and future development plans and status of assets, future growth and performance.

Forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Harvest, MMJ, United Greeneries, Satipharm or the Resulting Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and forward-looking information. Such factors include, but are not limited to: the risks and uncertainties involved in satisfying the conditions to close the Transaction; the difficulties associated with the nature of the Resulting Issuer's business and operations following the Transaction; the ability of Harvest and MMJ to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin; the ability to obtain necessary financing; the successful integration of Harvest, United Greeneries and Satipharm; the economy generally; current and future stock prices; results of operations; availability of permits and licenses; market conditions; the regulatory and foreign environment; future capital and other expenditures (including the amount, nature and sources of funding thereof); competitive advantages; fluctuations in foreign currency exchange rates; business prospects and opportunities; transportation delays, accidents, labour disputes and other risks in the medical marihuana industry; political developments; arbitrary changes in law; delays in obtaining governmental approvals and anticipated and unanticipated costs; as well as those factors discussed in the section entitled "Risk Factors" in this Filing Statement.

Although Harvest has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements and forward-looking information contained herein are made as of the date of this Filing Statement, and Harvest, MMJ and the Resulting Issuer disclaim any obligation to update any forward-looking statements or forward-looking information if these beliefs, estimates and opinions or circumstances should change, except as required by applicable law. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information due to the inherent uncertainty in them. All forward-looking statements and forward-looking information contained or incorporated by reference in this Filing Statement are qualified by this cautionary statement.

INFORMATION PERTAINING TO HARVEST

The information contained in this Filing Statement with respect to Harvest One Capital Inc. (the "**Corporation**" or "**Harvest**") has been furnished by Harvest or has been taken from or is based upon publicly available documents or records of Harvest on file with Canadian securities administrators and other public sources.

INFORMATION PERTAINING TO UNITED GREENERIES AND SATIPHARM

The information contained in this Filing Statement with respect to United Greeneries and Satipharm have been furnished by United Greeneries, Satipharm and MMJ . Accordingly, Harvest and its directors, officers, employees, representatives and agents assume no responsibility for the accuracy or completeness of such information with respect to United Greeneries and Satipharm.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

All trademarks used in this Filing Statement are the property of their respective owners and may not appear with the "®" symbol.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Corporation, United Greeneries, Satipharm and Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Certain capitalized terms and abbreviations used in this Filing Statement shall have the meaning ascribed to such terms in the "Glossary of Terms".

The Companies

Harvest

The Corporation was incorporated under the BCBCA on August 28, 2008, under the name "0833675 BC Ltd.". On September 14, 2009, the Corporation changed its name to "Harvest One Capital Inc.".

The head and registered office of Harvest is located at Suite 2102, 212 Davie Street, Vancouver, British Columbia, V6B 5Z4.

See "*Part I. Information Concerning Harvest – General Development of the Business*".

United Greeneries

The full name of United Greeneries is "United Greeneries Holdings Ltd.". United Greeneries' head and registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

MMJ Bioscience Inc. (BC1044683), the predecessor to United Greeneries, was formed on July 31, 2015 by an amalgamation pursuant to the BCBCA between MMJ Bioscience Inc. (BC0993871) and 1032831 BC Ltd. (BC1032831), a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ (formerly known as PhytoTech Medical). The amalgamated company continued to operate under the name "MMJ Bioscience Inc.". On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd.".

Satipharm

The full name of Satipharm is "Satipharm AG". Satipharm's head and registered office is located at Riedstrasse 7, 6330 Cham, Switzerland.

Satipharm was incorporated on August 11, 2015, under the *Swiss Code of Obligations* (Switzerland), as amended. Satipharm is a private company that is a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

See "*Part II. Information Concerning United Greeneries and Satipharm – Corporate Structure*".

Private Placement

On January 17, 2017 (as subsequently upsized by way of news release issued January 27, 2017), Harvest announced a private placement financing of a minimum of 29,334,000 subscription receipts of Harvest (the "**Harvest Subscription Receipts**") at a subscription price of $0.75 per Harvest Subscription Receipt, for aggregate gross proceeds of no less than $22,000,500 (the "**Private Placement**"). Harvest was required to complete the Private Placement prior to closing of the Transaction (the "**Closing**").

On February 22, 2017, MMJ, Harvest and the Agents entered into the agency agreement (the "**Agency Agreement**") in connection with the Private Placement. Harvest appointed a syndicate of agents led by Mackie Research Capital Corporation (the "**Lead Agent**" and sole bookrunner) and including Canaccord Genuity Corp., Eight Capital and GMP Securities L.P. (collectively, the "**Agents**"). The Harvest Subscription Receipts were offered in all provinces of Canada and such other jurisdictions as Harvest and the Lead Agent agreed where the Private Placement could be sold without the requirement to file a prospectus or similar document. The Private Placement was completed on a best efforts basis, and the latest date the distribution remained open until was February 22, 2017.

Harvest granted the Agents an option (the "**Over-Allotment Option**") to increase the size of the Private Placement by up to $3,000,000, exercisable by the Lead Agent with written notice to Harvest on behalf of the Agents at any time up to 48 hours prior to the closing of the Private Placement. The Over-Allotment Option provided maximum gross proceeds available to Harvest pursuant to the Private Placement of $25,000,500. The Agents exercised the Over-Allotment Option in full.

On February 22, 2017, Harvest completed the Private Placement of an aggregate of 33,334,000 Harvest Subscription Receipts at a subscription price of $0.75 per Harvest Subscription Receipt after giving effect to the Consolidation, for aggregate gross proceeds of $25,000,500.

Concurrently with Closing, each Harvest Subscription Receipt will be exchanged automatically, for, for no additional consideration, into one (1) unit (a "**Unit**") of Harvest, with each Unit consisting of: (i) one (1) Resulting Issuer Common Share; and (ii) one half of one (0.5) purchase warrant to purchase Resulting Issuer Common Shares (each whole purchase warrant, a "**Warrant**"). Each whole Warrant will entitle the holder to acquire one Resulting Issuer Common Share within 36 months following Closing at an exercise price of $1.00 per Resulting Issuer Common Share.

The net proceeds of the Private Placement, following the deduction of the Agents' fees and expenses and the Agents' Cash Commission, is expected to be $22,645,455.

See "*Part I. Information Concerning Harvest – Private Placement*."

The Transaction

Harvest proposes to acquire from Phyto UK all of the issued and outstanding common shares of United Greeneries and all of the issued and outstanding registered shares of Satipharm by way of a share exchange agreement and concurrently with the acquisition consolidate the common shares of Harvest.

Share Exchange Agreement

On November 2, 2016, MMJ and Harvest entered into a binding term sheet in connection with the Transaction.

On December 7, 2016, MMJ, Phyto UK, United Greeneries, Satipharm and Harvest entered into a share exchange agreement (as subsequently amended on February 1, 2017, March 28, 2017, March 31, 2017 and April 10, 2017, the "**Share Exchange Agreement**"). Pursuant to the Share Exchange Agreement and subject to the fulfillment of certain conditions, Harvest agreed to acquire from Phyto UK all of the issued and outstanding common shares of United Greeneries (the "**United Greeneries Shares**") and all of the issued and outstanding registered shares of Satipharm (the "**Satipharm Shares**") in consideration for $33,180,997, payable by way of a combination of $2,000,000 in cash and issuance of 41,574,662 Harvest Common Shares at $0.75 per Harvest Common Share (the "**Target Shareholder Share Consideration**"). Additionally, as consideration for the assumption by Harvest of debts owed to MMJ by United Greeneries and Satipharm in the amount of $8,819,003 (the "**Target Debt**"), MMJ will receive 11,758,671 Harvest Common Shares (the "**MMJ Share Consideration**", and together with Target Shareholder Share Consideration, the "**Consideration Shares**"), representing a purchase price of $8,819,003 for the Target Debt (the acquisition of the United Greeneries Shares, Satipharm Shares, and Target Debt by Harvest constituting the "**Transaction**").

See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

Consolidation

Immediately prior to Closing, the issued and outstanding Harvest Common Shares will be consolidated on a 1.79:1 basis (the "**Consolidation**").

All Harvest Common Shares forming part of the Private Placement, including those forming part of the Harvest Subscription Receipts (including the Harvest Common Shares underlying the Agents' Options) and the securities issued pursuant to the exercise of the Over-Allotment Option, and the Consideration Shares, are Resulting Issuer Common Shares and all related information, including pricing, expressly gives effect to the Consolidation. The completion of the Transaction is conditional upon the completion of the Consolidation.

See "*Part I. Information Concerning Harvest – The Transaction – Consolidation*".

The Resulting Issuer

Upon completion of the Transaction, and subject to approval by the Exchange, it is expected that the Resulting Issuer will be listed on the Exchange as a Tier 1 Industrial or Life Sciences Issuer (as defined under the Exchange Policies). It is anticipated that the Resulting Issuer will change its name from "Harvest One Capital Inc." to "Harvest One Cannabis Inc.". The Resulting Issuer's head and registered office will be located at Suite 704, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

Following the completion of the Transaction: (a) United Greeneries and Satipharm will become wholly-owned subsidiaries of Harvest and the business of the combined entity after giving effect to the Transaction, will include the businesses of United Greeneries and Satipharm (indirectly through the operation of each of United Greeneries and Satipharm); (b) original shareholders of Harvest will hold an aggregate of 2,286,659 Resulting Issuer Common Shares, representing approximately 2.5% of the then issued and outstanding Resulting Issuer Common Shares; (c) Phyto UK will hold an aggregate of 41,574,662 Resulting Issuer Common Shares, representing approximately 46.7% of the then issued and outstanding Resulting Issuer Common Shares; (d) MMJ will hold an aggregate of 11,758,671 Resulting Issuer Common Shares, representing approximately 13.2% of the then issued and outstanding Resulting Issuer Common Shares; and (e) in connection with the Private Placement, holders of Harvest Subscription Receipts will hold an aggregate of 33,334,000 Resulting Issuer Common Shares, representing approximately 37.4% of the then issued and outstanding Resulting Issuer Common Shares.

See "*Part III. Information Concerning The Resulting Issuer*".

Estimated Funds Available and Intended Use

Estimated Funds Available

The *pro forma* working capital of the Resulting Issuer assuming the Transaction closed February 28, 2017 and given the completion of the Private Placement is $24,643,428.

The table below shows the breakdown of the estimated funds available:

Estimated Funds Available	**Amount ($)**
Pro forma consolidated working capital	24,643,428[(1)]
Estimated fees and expenses of the Transaction	2,320,030 [(2)]
Total estimated funds available	22,323,398

Notes:

(1) Consolidated *pro forma* working capital includes the proceeds from the completion of the Private Placement of 33,334,000 Harvest Subscription Receipts in the gross aggregate amount of $25,000,500, with net proceeds, following the deduction of the Agents' fees and expenses and the Agents' Cash Commission, is expected to be $22,645,455. See also "*Appendix E – Pro Forma Financial Statements of the Resulting Issuer*".

(2) Estimated fees and expenses of the Transaction are made up of financing fees in the amount of $1,600,030 incurred in connection with the Private Placement and estimated transaction costs of $720,000.

Intended Use of Funds

Based on the information available as at the date of this Filing Statement, assuming the completion of the Transaction and given the completion of the Private Placement, the Resulting Issuer is expected to have approximately $22,323,398 in working capital as at February 28, 2017.

The following table sets out information respecting the Resulting Issuer's intended uses of funds available to it over the next 18 months. The amounts shown in the table below are estimates only and are based on the information available to the Corporation, Satipharm and United Greeneries as at the date of this Filing Statement.

Intended Use of Funds	Amount ($)
Total estimated funds available	**22,323,398**
Partial consideration under the Transaction	$2,000,000
Purchase of Duncan Facility	$3,200,000
Phase 1 expansion of the Duncan Facility	$9,000,000
General and Administrative Costs	$4,860,000(1)
Reimbursed expenses per Share Exchange Agreement	$1,900,000
Production Equipment	$950,000
Unallocated funds	$413,398

Notes:

(1) This estimate of General and Administrative ("**G&A**") is derived from historical G&A costs, combined with additional costs associated with the public listing.

See "*Part III. Information Concerning the Resulting Issuer – Narrative Description of the Business – Business Objectives and Milestones*".

Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. The Resulting Issuer may also require additional funds in order to fulfill all of its expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional shares or incur debt. There is no assurance that any additional funding required by the Resulting Issuer will be available if required.

Selected *Pro Forma* Consolidated Financial Information

The following table sets out selected financial information for Harvest, United Greeneries and Satipharm and selected unaudited *pro forma* consolidated financial information for the Resulting Issuer, after giving effect to the Transaction and certain other adjustments. This financial information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being the:

- audited financial statements of Harvest One Capital Inc. for the financial year ended December 31, 2015, and the unaudited interim financial statements for the three and nine months ended September 30, 2016, which are together attached hereto as "*Appendix A – Financial Statements of Harvest*";

- management's discussion and analyses ("**MD&As**") of Harvest One Capital Inc. for the financial year ended December 31, 2015, and the three and nine months ended September 30, 2016, which are together attached hereto as "*Appendix B – Management's Discussion and Analysis of Harvest*";

- audited combined financial statements of United Greeneries and Satipharm for the financial year ended June 30, 2016, audited financial statements of MMJ Bioscience Inc. for the year ended December 31, 2014, unaudited financial statements of MMJ Bioscience Inc. for the periods ended June 30, 2015 and December

31, 2014, and the unaudited combined interim financial statements of United Greeneries and Satipharm for the three and six months ended December 31, 2016, which are together attached hereto as "*Appendix C – Financial Statements of United Greeneries and Satipharm*";

- MD&As of United Greeneries and Satipharm for the financial year ended June 30, 2016, and the three and six months ended December 31, 2016, which are together attached hereto as "*Appendix D – Management's Discussion and Analysis of United Greeneries and Satipharm*"; and
- unaudited *pro forma* financial statements of the Resulting Issuer, consisting of a *pro forma* statement of financial position prepared as December 31, 2016, all of which give effect to the completion of the Transaction, which are attached hereto as "*Appendix E – Pro Forma Financial Statements of Resulting Issuer*".

The information provided in the table below is derived from the unaudited financial statements of Harvest One Capital Inc. for the three and nine months ended September 30, 2016, the unaudited interim financial statements of United Greeneries and Satipharm for the three and six months ended December 31, 2016 and the *pro forma* financial statements of the Resulting Issuer as at December 31, 2016:

Balance Sheet Data	**Harvest as at nine months ended September 30, 2016 (unaudited) ($)**	**Combined United Greeneries & Satipharm as at three months ended December 31, 2016 (unaudited) ($)**	**Resulting Issuer as at December 31, 2016 (unaudited) ($)**
Current assets	15,842	1,904,904	22,601,216
Other assets	Nil	6,105,104	6,105,104
Total assets	**15,842**	**8,010,008**	**28,706,320**
Current liabilities	22,471	10,168,742	1,372,210
Other liabilities	Nil	336,473	336,473
Total liabilities	**22,471**	**10,505,215**	**1,708,683**
Total shareholders' equity (Deficiency)	**(6,629)**	**(2,495,207)**	**26,997,637**

Income Statement Data	**Harvest as at nine months ended September 30, 2016 (unaudited) ($)**	**Combined United Greeneries & Satipharm as at three months ended December 31, 2016 (unaudited) ($)**	**Resulting Issuer as at December 31, 2016 (unaudited) ($)**
Revenue	Nil	Nil	Nil
Total expenses	(27,776)	(521,578)	**(549,354)**
Income (Loss)	**(27,776)**	**(495,499)**[(1)]	**(523,275)**

(1) Includes $26,079 in foreign currency translation which may be reclassified subsequently to loss.

See "*Part I. Information Concerning Harvest – Selected Consolidated Financial Information and Management's Discussion and Analysis – Financial Information*", "*Part II. Information Concerning United Greeneries and Satipharm – Selected Consolidated Financial Information and Management's Discussion and Analysis – Financial Information*" and "*Appendix E – Pro Forma Financial Statements of the Resulting Issuer*".

Listing and Market Price of Common Shares

Harvest Common Shares are listed on the NEX board of the Exchange (the "**NEX**") under the symbol "WON.H". There was no closing market price of Harvest Common Shares on November 2, 2016, the last trading day immediately preceding the announcement of the Transaction, as the trading of Harvest Common Shares has been halted at the request of Harvest since October 20, 2015.

Period	High ($)	Low ($)	Volume
2014			
Quarter ended December 31, 2014	0.050	0.050	5,000
2015			
Quarter ended March 31, 2015	0.020	0.020	2,000
Quarter ended June 30, 2015	0.025	0.025	16,500
Quarter ended September 30, 2015(1)	N/A	N/A	120(2)
Quarter ended December 31, 2015	N/A	N/A	Nil
2016			
Quarter ended March 31, 2016	N/A	N/A	Nil
Quarter ended June 30, 2016	N/A	N/A	Nil
Quarter ended September 30, 2016	N/A	N/A	Nil
October 1 – 31, 2016	N/A	N/A	Nil
November 1 – 30, 2016	N/A	N/A	Nil
December 1 – 31, 2016	N/A	N/A	Nil
2017			
January 1, 2017 – January 31, 2017	N/A	N/A	Nil
February 1, 2017 – February 28, 2017	N/A	N/A	Nil
March 1, 2017 – March 31, 2017	N/A	N/A	Nil
April 1, 2017 – April 19, 2017	N/A	N/A	Nil

Notes:

(1) The trading of Harvest Common Shares was halted on October 20, 2015 at the request of Harvest pending the news of Harvest entering into a letter of intent with Mobile regarding the Mobile Transaction (as defined hereinafter).

(2) A trade of 120 Harvest Common Shares was made on July 13, 2015 before the trading of Harvest Common Shares was halted on October 20, 2015.

See "*Part I. Information Concerning Harvest – General Development of Business*" and "*Part I. Information Concerning Harvest – Stock Exchange Price*".

No public market exists for United Greeneries Shares or Satipharm Shares. That said, MMJ, the sole indirect parent of United Greeneries and Satipharm, is listed on the Australian Stock Exchange (the "**ASX**") under the symbol "MMJ". The closing market price of the common shares of MMJ on October 31, 2016, the last trading day immediately preceding the announcement of the Transaction was A$0.225. See "*Part II. Information Concerning United Greeneries and Satipharm – General Development of Business*" and "*Part II. Information Concerning United Greeneries and Satipharm – Stock Exchange Price*".

Interest of Insiders, Promoters and Control Persons

Upon Closing, it is anticipated that Phyto UK and MMJ will be Insiders of the Resulting Issuer by virtue of holding more than 10% of the issued and outstanding Resulting Issuer Common Shares. Phyto UK is a wholly owned subsidiary of MMJ. Other than as disclosed below, the Corporation does not anticipate any additional Insiders, Promoters or Control Persons and no Associates and Affiliates thereof being formed on completion of the Transaction:

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Harvest Common Shares, United Greeneries Shares or Satipharm Shares Prior to the Transaction	Number and Percentage of Resulting Issuer Common Shares upon Completion of the Transaction
Phyto UK	N/A	51,000,000 (100%) United Greeneries Shares 10,000 (100%) Satipharm Shares	41,574,662 (46.7%) Resulting Issuer Common Shares
MMJ	N/A	Nil.	11,758,671 (13.2%) Resulting Issuer Common Shares
Andreas Gedeon	Proposed CEO and Director	Nil.	Nil.
Kwong Choo	Proposed CFO and Corporate Secretary	Nil.	Nil.
Peter Wall	Proposed Chairman and Director	Nil.	Nil.
Jason Bednar	Proposed Director	Nil.	Nil.
Anne Chopra	Proposed Director	330,000 (10.7%) Harvest Common Shares	184,358 (0.21%) Resulting Issuer Common Shares
Will Stewart	Proposed Director	Nil.	Nil.

Conflicts of Interest

Some of the proposed directors and officers of the Resulting Issuer are also directors, officers and/or Promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they are bound by the provisions of the BCBCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of their knowledge, the proposed management of the Resulting Issuer is not aware of the existence of any conflicts of interest between any of their directors and officers as of the date of this Filing Statement, other than as disclosed herein. See "*Risk Factors – Risks Relating to the Resulting Issuer – Conflicts of Interest*" and "*Risk Factors – Risks Relating to the Resulting Issuer – Principal Securityholder*".

Sponsorship

Sponsorship for the Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted. Harvest was granted an exemption from sponsorship requirements pursuant to Section 3.4 of Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

Arm's Length Transaction

The Transaction constitutes a Qualifying Transaction and is not a Non-Arm's Length Qualifying Transaction.

Interests of Experts

No Person, whose profession or business gives authority to a statement made by the Person and who is named has having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Harvest, United

Greeneries, Satipharm or any of their respective Associates or Affiliates, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such Person is a Promoter of Harvest, United Greeneries, Satipharm or any of their respective Associates or Affiliates.

See "*Part IV. General Matters – Interests of Experts*".

Summary of Risk Factors

There are a number of risk factors associated with an investment in the Resulting Issuer. Accordingly, prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Resulting Issuer, including risks related to:

- Risks relating to the Transaction:
    - Market reaction;
    - Costs of the Transaction;
    - Failure to secure a more attractive offer;
    - Termination of the Transaction in certain circumstances;
    - Exchange restrictions on business;
    - Additional financing; and
    - Tax consequences.

- Risks relating to the Resulting Issuer:
    - Reliance on licenses;
    - Volatile market price for Resulting Issuer Common Shares;
    - Reliance on the facilities;
    - Lucky Lake facility is not licensed under the ACMPR;
    - Expansion of facilities;
    - Licensing requirements under the ACMPR;
    - Facility lease risk;
    - Holding company status;
    - Limited operating history;
    - History of net losses;
    - Third party transportation;
    - Management of growth;
    - Reliance on management;
    - Conflicts of interest;
    - Litigation;
    - Dividends;
    - Limited market for securities;
    - Liquidity risk; and
    - Foreign currency risk.

- Risks relating to the medical cannabis industry:
    - Cannabis is not an approved drug or medicine;
    - Regulatory risks;
    - Environmental regulations and risks;
    - Changes in laws, regulations and guidelines;
    - Restrictions on sales activities;
    - Competition;
    - Risks inherent in an agriculture business;
    - Vulnerability to rising energy costs;
    - Product liability;
    - Product recalls; and

- Operating risk and insurance coverage.

See "*Risk Factors*".

Conditional Listing Approval

The Exchange has conditionally accepted the Transaction subject to the Corporation fulfilling all of the requirements of the Exchange on or before June 28, 2017.

RISK FACTORS

An investment in Harvest Common Shares (and correspondingly an investment in Resulting Issuer Common Shares) should be considered highly speculative, not only due to the nature of United Greeneries and Satipharm's existing businesses and operations, but also because of the uncertainty related to completion of the Transaction and the expected business of the Resulting Issuer upon completion of the Transaction. In evaluating the Transaction, holders of Harvest Common Shares (the "**Harvest Shareholders**"), and investors generally, should carefully consider not only the following risk factors relating to the Transaction but the risk factors associated with the businesses of United Greeneries and Satipharm set out below. The following list of risk factors is not a definitive list of all risk factors associated with the Transaction. Additional risks and uncertainties, including those currently known or considered immaterial by Harvest or MMJ, may also adversely affect Harvest Common Shares, Resulting Issuer Common Shares and/or the businesses of Harvest and the Resulting Issuer. Harvest Shareholders should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of the Transaction, in addition to the other information in this Filing Statement.

Risks Relating to the Transaction

Market Reaction

The market reaction to the Transaction and the future trading prices of the Resulting Issuer Common Shares cannot be predicted. If the Transaction is not consummated, the market price of Harvest Common Shares may decline to the extent that the current market price of Harvest Common Shares reflects a market assumption that the Transaction will be completed.

Costs of the Transaction

Certain costs related to the Transaction, such as accounting fees incurred by Harvest, must be paid by Harvest even if the Transaction is not completed.

Failure to Secure a More Attractive Offer

If the Transaction is not completed and the Harvest Board decides to seek another merger or business combination, there can be no assurance that it will be able to find an equivalent or more attractive price than the consideration pursuant to the Transaction.

Termination of the Transaction in Certain Circumstances

Each of Harvest and MMJ has the right to terminate the Share Exchange Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurances that the Share Exchange Agreement will not be terminated by either Harvest or MMJ before the completion of the Transaction. In addition, the completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of Harvest and MMJ, including regulatory approvals. There is no certainty that these conditions will be satisfied on a timely basis or at all. If for any reason the Transaction is delayed or not completed, the market price of Harvest Common Shares may be adversely affected. See "*Risk Factors – Market Reaction*" above.

Exchange Restrictions on Business

As a condition to initially listing on the Exchange, the Exchange required that the Resulting Issuer deliver an undertaking (the "**Undertaking**") confirming that, while listed on the Exchange, the Resulting Issuer will only conduct the business of production, acquisition, sale and distribution of medical cannabis in Canada as permitted under the License, unless further approvals are obtained. There is no guarantee that future requests, such as a request to import/export cannabis would be approved, and the Undertaking could have an adverse effect on the Resulting Issuer's ability to do business or operate outside of Canada. The Undertaking may also interfere with the Resulting Issuer's ability to expand its business into other areas, including the provision of non-medical cannabis in the event that the laws were to change to permit such sales, if the Resulting Issuer is still listed on the Exchange and remains subject to the Undertaking at such time. The Undertaking may prevent the Resulting Issuer from expanding into new areas of business when the Resulting Issuer's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Resulting Issuer. The Exchange has granted a waiver of the Undertaking with respect to the business of Satipharm.

Additional Financing

From time to time, the Resulting Issuer may require additional financing. The Resulting Issuer's ability to obtain additional financing, if and when required, will depend on investor demand, operating performance, the condition of the capital markets and other factors. If the Resulting Issuer raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of holders of the Resulting Issuer Common Shares, and existing holders of such shares may experience dilution.

Tax Consequences

The transactions described herein, including the acquisition, ownership and disposition of the Resulting Issuer Common Shares may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein and this Filing Statement is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Risks Relating to the Resulting Issuer

Reliance on Licenses

United Greeneries' ability to cultivate, store and sell medical cannabis in Canada is dependent on the license (the "**License**"), which was granted by Health Canada to United Greeneries Ltd. ("**United Greeneries LP**"), a wholly-owned subsidiary of United Greeneries on July 28, 2016 designating United Greeneries LP as a "Licensed Producer" as such term is defined in ACMPR. The License is valid until June 27, 2017, at which point, United Greeneries LP must apply to Health Canada for a renewal. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of United Greeneries. Although United Greeneries believes it will meet the requirements of the ACMPR for a renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

United Greeneries LP's current License does not permit United Greeneries LP to sell medical cannabis. Health Canada monitors the quality of the cannabis being produced by all Licensed Producers and pays particular attention to the quality of cannabis being produced by newly Licensed Producers entering the market. When a Licensed Producer is first licensed, they are typically issued a cultivation-only license. Once the producer has produced its first crop of marihuana, it must apply again to Health Canada to amend its existing license to allow for the sale of its products to the public. This graduated approach is utilized by Health Canada to verify that the cannabis being produced by Licensed Producers meets all of the quality standards set out under the ACMPR.

Once a Licensed Producer has finished producing the first crop of cannabis, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the *Good Production Practice*s set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public. As of the date of this Filing Statement, while United Greeneries LP has been approved to cultivate cannabis and is working towards obtaining a sales license, United Greeneries LP has not been approved by Health Canada to sell cannabis to the public.

Should Health Canada not amend the License to allow for sale to the public, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

Volatile Market Price for Resulting Issuer Common Shares

The market price for Resulting Issuer Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control, including the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer operates;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Resulting Issuer Common Shares;
- sales or perceived sales of additional Resulting Issuer Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Resulting

Issuer Common Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of Resulting Issuer Common Shares may be materially adversely affected.

Reliance on the Facilities

To date, United Greeneries' activities and resources have been primarily focused on its licensed facility situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acre land package located on Vancouver Island, British Columbia (the "**Duncan Facility**") and its proposed unlicensed facility located in Lucky Lake, Saskatchewan (the "**Lucky Lake Facility**"). United Greeneries expects to continue to focus primarily on the Duncan Facility for the foreseeable future. Adverse changes or developments affecting these two facilities, especially the Duncan Facility, may have a material and adverse effect on United Greeneries' ability to produce medical cannabis, business, financial condition and prospects. While United Greeneries LP has obtained a License for the Duncan Facility, it has not yet received a license under the ACMPR for the Lucky Lake Facility.

Lucky Lake Facility is not Licensed under the ACMPR

United Greeneries, through its wholly owned subsidiary United Greeneries LP, has applied to Health Canada to become a Licensed Producer under ACMPR for the Lucky Lake Facility. United Greeneries LP has not yet received a license for the Lucky Lake Facility. However, United Greeneries LP is currently in the security clearance stage of the licensing process. United Greeneries' ability to cultivate, store and sell medical cannabis at the Lucky Lake Facility is dependent on obtaining a license from Health Canada and there can be no assurance that United Greeneries LP will obtain such a license for the Lucky Lake Facility.

Expansion of Facilities

Expansion of the Duncan Facility and the Lucky Lake Facility (provided that it receives a license) is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of United Greeneries and may result in United Greeneries not meeting anticipated or future demand when it arises.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marihuana) in Canada is regulated by the CDSA, the ACMPR, the NCR, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The assignment of an application number means that the application has completed the preliminary screening.
2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure that: (i) the location of the proposed site does not pose a risk to public health, safety and security; (ii) the proposed security measures outlined in the application meet the requirements of the ACMPR; and (iii) the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial and municipal legislation, regulations and bylaws, including zoning restrictions.

Stage	Overview
3 *Current stage of the licensing process for the Lucky Lake Facility*	**Security Clearance:** Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the Royal Canadian Mounted Police are not able to provide updates on the status of security checks. Applications will only advance to the review stage once security clearances for all key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
4	**Review:** Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications with respect to the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
5	**Pre-License Inspection:** Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the Good Production Practices and record-keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) and to ensure that the dried marihuana meets all quality control requirements before it is made available for sale. Once a Licensed Producer has finished producing the first crop of marihuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public.

Facility Lease Risk

The Duncan Facility is located on property that is not owned by United Greeneries. Such property is subject to a long-term lease and similar arrangements in which the underlying land is owned by a third party and leased to United Greeneries. Under the terms of a typical lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. Unless the lease term is extended, the land, together with all improvements made, will revert to the owner of the land upon the expiration of the lease term. In addition, an event of default by United Greeneries under the terms of the lease could also result in a loss of the property should the default not be rectified in a reasonable period of time. The reversion or loss of such properties could have a material adverse effect on United Greeneries' operations and results.

Discussions regarding the purchase of the property on which the Duncan Facility is located have been held with the landlord. It is expected that the purchase of the Duncan Facility will be completed following the completion of the Transaction, but there can be no assurance that the purchase of the Duncan Facility will be completed, or completed on the terms disclosed herein.

Holding Company Status

The Resulting Issuer is, at least initially upon completion of the Transaction, a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Resulting Issuer.

Limited Operating History

United Greeneries entered the medical cannabis business in 2012. United Greeneries is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that United Greeneries will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

United Greeneries and Satipharm have incurred operating losses in recent periods. Each of United Greeneries and Satipharm may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, United Greeneries and Satipharm expect to continue to increase its respective operating expenses as they implement initiatives to continue to grow their respective businesses. If United Greeneries and Satipharm's respective revenues do not increase to offset their respective expected increases in costs and operating expenses, United Greeneries and/or Satipharm will not be profitable.

Third Party Transportation

If and when United Greeneries obtains an amended License to sell to the public, in order for customers of United Greeneries to receive their products, United Greeneries would rely on third party transportation services. This could cause logistical problems and delays in future customers obtaining their orders beyond the direct control of United Greeneries. Any delay by third party transportation services would adversely affect United Greeneries' financial performance.

Moreover, security of the product during transportation to and from the Duncan Facility is critical due to the nature of the product. A breach of security during transport could have material adverse effects on United Greeneries' business, financials and prospects. Any such breach could impact United Greeneries' ability to continue operating under the License or the prospect of renewing the License.

Management of Growth

United Greeneries and Satipharm may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of United Greeneries and Satipharm to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage their respective employee bases. The inability of United Greeneries and Satipharm to deal with growth may have a material adverse effect on their respective businesses, financial conditions, results of operations and prospects.

Reliance on Management

The success of United Greeneries and Satipharm is dependent upon the ability, expertise, judgment, discretion and good faith of its respective senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Conflicts of Interest

United Greeneries and Satipharm may be subject to various potential conflicts of interest because of the fact that some of its respective officers and directors may be engaged in a range of business activities. In addition, United Greeneries and Satipharm's respective executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to United Greeneries and Satipharm, as applicable. External business interests may require significant time and attention of United Greeneries and Satipharm's respective executive officers and directors. In some cases, executive officers and directors may have fiduciary obligations associated with external business interests that may interfere with their abilities to devote time to United Greeneries or

Satipharm's businesses and affairs, as applicable, and this could adversely affect United Greeneries and Satipharm's respective operations.

In addition, United Greeneries and Satipharm may also become involved in transactions that conflict with the interests of its respective directors and the officers, who may from time to time deal with persons, firms, institutions or corporations with which United Greeneries or Satipharm may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons, firms, institutions or corporations could conflict with those of United Greeneries and Satipharm. In addition, from time to time, these persons, firms, institutions or corporations may be competing with United Greeneries or Satipharm for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of United Greeneries or Satipharm's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the applicable laws, the directors of United Greeneries and Satipharm are required to act honestly, in good faith and in the best interests of United Greeneries and Satipharm, respectively.

Principal Securityholder

Upon completion of the Transaction, the Resulting Issuer's largest shareholder is expected to be Phyto UK, a wholly-owned subsidiary of MMJ, with 41,574,662 Resulting Issuer Common Shares (46.7% of the outstanding Resulting Issuer Common Shares after giving effect to the Transaction based on a total of 88,953,992 Resulting Issuer Common Shares issued and outstanding upon the completion of the Transaction). Phyto UK will have a controlling interest in the Resulting Issuer and will be in the position to exert significant influence on the corporate actions that the Resulting Issuer takes. Phyto UK will have a significant influence on determining the outcome of any corporate transaction or other matter submitted to shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Resulting Issuer's assets, election of directors and other significant corporate actions. Phyto UK's controlling interest could also have the effect of delaying or preventing a change of control of the Resulting Issuer or entrenching the Resulting Issuer's board of directors or the Resulting Issuer's management, which could conflict with the interests of the other shareholders and, consequently, could adversely affect the market price of the Resulting Issuer's securities. Finally, due to Phyto UK's significant shareholdings, there can be no guarantee of a ready liquid market for Resulting Issuer Common Shares.

Litigation

United Greeneries or Satipharm may become party to litigation from time to time in the ordinary course of their respective businesses which could adversely affect their respective operations. Should any litigation in which United Greeneries or Satipharm become involved be determined against United Greeneries or Satipharm respectively, such a decision may adversely affect United Greeneries or Satipharm's respective abilities to continue operating, adversely affect the market price of Resulting Issuer Common Shares and use significant resources. Even if United Greeneries or Satipharm, as the case may be, is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of United Greeneries and Satipharm's brands, and ultimately the Resulting Issuer's brand.

Dividends

The Resulting Issuer's policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Resulting Issuer's businesses. Therefore, the Resulting Issuer does not anticipate paying cash dividends on Resulting Issuer Common Shares in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of the Resulting Issuer and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of the Resulting Issuer may deem relevant. As a result, investors may not receive any return on investment in the Resulting Issuer Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Resulting Issuer Common Shares will be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

Liquidity Risk

The Resulting Issuer's ability to remain liquid over the long term depends on its ability to obtain additional financing. The Resulting Issuer has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Resulting Issuer's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Foreign Currency Risk

The Resulting Issuer will operate in multiple jurisdictions, and as a result, the Resulting Issuer will be exposed to foreign currency risk on fluctuations related to cash and accrued liabilities that are denominated in a foreign currency.

Risks Relating to the Medical Cannabis Industry

Cannabis is Not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Regulatory Risks

United Greeneries and Satipharm operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

United Greeneries' ability to grow, store and sell medical cannabis in Canada with respect to the Duncan Facility is dependent on its License from Health Canada, the need to maintain such License in good standing, the need to obtain Health Canada's approval to amend the License pursuant to the ACMPR to allow sale to the public and the need to maintain the amended License (if obtained) in good standing. Failure to: (i) comply with the requirements of the License; (ii) maintain this License; and (iii) obtain an amendment of the License to allow for sale of cannabis to the public would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

United Greeneries and Satipharm will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to United Greeneries and Satipharm's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Resulting Issuer's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Resulting Issuer's earnings and could make future capital investments or the Resulting Issuer's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

United Greeneries LP is a Licensed Producer under the ACMPR. If and when the License is amended to allow for sale to the public, United Greeneries' business will continue to be subject to the ACMPR regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business with an agricultural product in a regulated industry, United Greeneries will need to continue to build brand awareness through significant investments in its strategy, production capacity and quality assurance. The Resulting Issuer's brand and products may not be effectively promoted as intended. This new market and industry is marked by competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Environmental Regulations and Risks

United Greeneries and Satipharm's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect United Greeneries and Satipharm's respective operations.

Government approvals and permits are currently, and may in the future, be required in connection with United Greeneries and Satipharm's operations. To the extent such approvals are required and not obtained, United Greeneries and Satipharm may be curtailed or prohibited from the proposed production of medical cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

United Greeneries and Satipharm's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. To the knowledge of management, United Greeneries and Satipharm are currently in compliance with all such laws. That said, any changes to such laws, regulations and guidelines are matters beyond the control of United Greeneries and Satipharm that may cause adverse effects to United Greeneries and Satipharm's respective operations and financial conditions.

On March 21, 2014, the Federal Court of Canada issued an interim order effecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals in *R v Allard* ("**Allard**"). As a result: (i) individuals who held a license to possess cannabis under the MMAR as at March 21, 2014 may continue to possess cannabis in accordance with the terms of that license except that the maximum quantity of dried cannabis authorized for possession shall be that which is specified by their license or 150 grams, whichever is less; and (ii) individuals who held, as of September 30, 2013, or were issued thereafter a valid license to produce cannabis under the MMAR can continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the ACMPR.

On June 11, 2015, the Supreme Court of Canada, in *R v Smith* ("**Smith**"), held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not aligned with the principles of fundamental justice. As a result, the Supreme Court of Canada declared that Sections 4(1) and 5(2) of the CDSA which prohibit possession and trafficking of non-dried forms of cannabis, are no longer of force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis derivatives for medical purposes. This ruling means that medical cannabis patients authorized to possess and use medical cannabis are no longer limited to using dried forms of cannabis and may possess and consume cannabis derivatives for medical purposes. The effect of the Supreme Court of Canada decision on Licensed Producers was not as clear since Licensed Producers were governed and licensed under the MMPR. In order to clarify the uncertainty surrounding a legal source of supply of cannabis as a result of the Supreme Court of Canada decision, on July 8, 2015, Health Canada issued certain exemptions under the CDSA, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

On February 24, 2016, the Federal Court of Canada delivered the Allard decision. In this decision, the Federal Court of Canada declared the MMPR invalid as it unconstitutionally violated patients protected rights to liberty and security under the *Canadian Charter of Rights and Freedoms* (Canada), as amended (the "**Charter**"). However, the Federal Court of Canada suspended the operation of the declaration of invalidity for 6 months to permit the Canadian legislature to enact a regime compliant with the Charter. The government did not choose to appeal the decision to the Federal Court of Appeal and has, instead, decided to respond to the decision by introducing legislation compliant with the Charter.

On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's decision in Allard.

The ACMPR is composed of 4 main parts, which are summarized below:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried marihuana or cannabis oil or starting materials (i.e. marihuana seeds and plants) in secure and sanitary conditions.

- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.

- Parts 3 and 4 include:

    - transitional provisions, which mainly relate to the continuation of MMPR activities by Licensed Producers;

    - consequential amendments to other regulations that referenced the MMPR (i.e. the NCR and the *New Classes of Practitioners Regulations* (Canada), as amended) to update definitions and broaden the scope of products beyond dried marihuana; and

    - provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016.

As of August 24, 2016, Health Canada now accepts applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis on their behalf. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of an injunction order by the Federal Court of Canada.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the MMPR. Further, all licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that MMPR Licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants must apply for licenses to produce under the ACMPR.

The risks to the business of United Greeneries represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for United Greeneries' products and could materially and adversely affect the business, financial condition and results of operations for United Greeneries, and ultimately, the Resulting Issuer.

While the impact of any of such changes is uncertain and highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on United Greeneries' operations that is materially different than the effect on similar-sized companies in the same business as United Greeneries.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond United Greeneries' control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce United Greeneries' earnings and could make future capital investments or United Greeneries' operations uneconomic.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect United Greeneries and Satipharm's ability to conduct sales and marketing activities and could have a material adverse effect on United Greeneries and Satipharm's respective businesses, operating results and financial conditions.

Competition

On November 30, 2016, the Task Force on Marijuana Legalization and Regulation (synonymous with the Task Force on Cannabis Legalization and Regulation) as appointed by the federal government of Canada (the "**Task Force**") published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In this report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates), drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of 4 plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities. The impact of this potential development may be negative for the Resulting Issuer and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Resulting Issuer will operate.

There is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Resulting Issuer. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

The government of Canada has only issued to date a limited number of licenses under the ACMPR to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Resulting Issuer. Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. According to Health Canada there were 43 Licensed Producers as of April 19, 2017, the most recent data available from Health Canada. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Risks Inherent in an Agriculture Business

United Greeneries' business involves the growing of medical cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks. Although United Greeneries grows its products indoors under climate controlled conditions, and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Vulnerability to Rising Energy Costs

United Greeneries' medical cannabis growing operations consume considerable energy, making United Greeneries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of United Greeneries and its ability to operate profitably.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, United Greeneries and Satipharm face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination, unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of United Greeneries and Satipharm's products alone or in combination with other medications or substances could occur. United Greeneries and Satipharm may be subject to various product liability claims, including, among others, that United Greeneries and Satipharm's products caused injury, illness or loss, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against United Greeneries or Satipharm could result in increased costs, adversely affect United Greeneries and Satipharm's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of United Greeneries and Satipharm, respectively.

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of United Greeneries or Satipharm's products are recalled due to an alleged product defect or for any other reason, United Greeneries or Satipharm, as applicable, could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. United Greeneries and Satipharm may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Operating Risk and Insurance Coverage

United Greeneries and Satipharm have insurance to protect its assets, operations and employees. While United Greeneries and Satipharm believe their insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which United Greeneries and Satipharm are exposed. However, the Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon United Greeneries and Satipharm's financial performance and results of operations.

PART I: INFORMATION CONCERNING HARVEST

CORPORATE STRUCTURE

Name and Incorporation

The full name of the Corporation is "Harvest One Capital Inc.". The head and registered office of Harvest is located at Suite 2102, 212 Davie Street, Vancouver, British Columbia V6B 5Z4.

The Corporation was incorporated pursuant to the BCBCA on August 28, 2008, under the name "0833675 BC Ltd.". On September 14, 2009, the Corporation changed its name to "Harvest One Capital Inc.".

GENERAL DEVELOPMENT OF THE BUSINESS

History

The Corporation was incorporated on August 28, 2008 with Anne Chopra as the sole director, CEO, CFO and Corporate Secretary of the Corporation. As a CPC, the Corporation has not commenced commercial operations and has no assets other than a minimal amount of cash. The Corporation has no resource developing activity and is considered to be in the development stage. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

On August 31, 2009, Paul Matysek and David Berg were appointed as directors of the Corporation.

On February 2, 2010, the Corporation announced that it had completed its initial public offering of 2,000,000 Harvest Common Shares for $0.10 per Harvest Common Share for gross proceeds of $200,000. Harvest also granted Research Capital Corporation (the predecessor to Mackie Research Capital Corporation), its agent with respect to the initial public offering, options entitling it to purchase up to 200,000 Harvest Common Shares at a price of $0.10 per Harvest Common Share for a 24-month period from the day Harvest Common Shares commenced trading on the Exchange. On the same day, the Corporation granted options to acquire up to 400,000 Harvest Common Shares at a price of $0.10 per Harvest Common Share to certain directors and officers of the Corporation, expiring in 5 years from the date of grant.

On February 5, 2010, Harvest Common Shares were listed for trading on the Exchange under the symbol "WON.P".

On February 6, 2012, trading in the shares of the Corporation was halted on the Exchange for failure to complete its Qualifying Transaction within 24 months of listing.

On May 18, 2012, the Corporation's listing was transferred from the Exchange to the NEX and the Corporation's tier classification and the filing and service office was changed from the Exchange to the NEX as a result of the Corporation not completing a Qualifying Transaction within 24 months of its initial listing. In conjunction with the transfer, one half of the 2,000,000 Harvest Common Shares held in escrow pursuant to the initial public offering were cancelled. As of the transfer, the Corporation is listed for trading on the NEX under the symbol "WON.H".

On January 18, 2013, Paul Matysek resigned as a director of the Corporation. On the same day, Glen Macdonald, was appointed to fill the board vacancy.

On March 13, 2013, Harvest announced that it entered into a letter of intent with W2G, a private Ontario company, whereby Harvest would acquire all of the outstanding shares of W2G in exchange for Harvest Common Shares and corresponding options of Harvest. This proposed transaction was intended to constitute as a Qualifying Transaction. In addition, the Corporation announced its intention to carry out a private placement of up to 500,000 Harvest Common Shares at a price of $0.10 per Harvest Common Share. Proceeds of the proposed private placement would be used to provide the Corporation with additional working capital to assist in identifying and completing the potential Qualifying Transaction.

On July 9, 2014, Harvest announced discussions regarding the proposed Qualifying Transaction with W2G were cancelled and that consequently, the proposed Qualifying Transaction would not be proceeding.

On December 2, 2014, Harvest announced its intention to complete a private placement of 1,000,000 Harvest Common Shares at a price of $0.05 per Harvest Common Share for total proceeds of $50,000.

On December 17, 2014, Harvest announced the completion of its private placement of 1,000,000 Harvest Common Shares at a price of $0.05 per Harvest Common Share for proceeds of $50,000. All securities issued under this placement were restricted from trading until April 18, 2015. The proceeds were used for working capital, evaluation of a potential Qualifying Transaction and to fund administrative expenses.

On October 19, 2015, Harvest entered into a non-binding letter of intent regarding a proposed Qualifying Transaction with Mobile, a private Nevada corporation, to acquire all of the issued and outstanding securities of Mobile (the "**Mobile Transaction**").

On October 20, 2015, the trading of Harvest Common Shares was halted at the request of Harvest pending news of the letter of intent with Mobile regarding the Mobile Transaction.

On March 9, 2016, the Corporation announced that it had entered into an agreement and plan of merger with Mobile to provide for the completion of the Mobile Transaction.

On October 5, 2016, the Corporation announced that it had terminated the agreement with respect to the Mobile Transaction with Mobile.

On October 26, 2016, Harvest announced that the Harvest Board approved the granting of 400,000 incentive stock options to directors and officers of Harvest, pursuant to the Corporation's stock option plan. The stock options are exercisable at $0.10 per Harvest Common Share and expire 3 years from the date of issue. The stock options vested immediately upon granting.

On November 2, 2016, MMJ and Harvest entered into a binding term sheet pursuant to which the Corporation agreed, subject to certain conditions, to acquire all of the issued and outstanding United Greeneries Shares and Satipharm Shares by way of the Private Placement, Share Exchange Agreement and Consolidation. The Transaction is intended to constitute the Corporation's Qualifying Transaction under the Exchange Policies.

On December 6, 2016, 2016, MMJ, Phyto UK, United Greeneries, Satipharm and Harvest entered into the Share Exchange Agreement.

On January 17, 2017, Harvest announced the Private Placement of a minimum placement of 29,334,000 Harvest Subscription Receipts at a subscription price of $0.75 per Harvest Subscription Receipt for aggregate gross proceeds of no less than $22,000,500.

On February 22, 2017, Harvest completed the Private Placement of an aggregate of 33,334,000 Harvest Subscription Receipts at a subscription price of $0.75 per Harvest Subscription Receipt after giving effect to the Consolidation, for aggregate gross proceeds of $25,000,500. Each Harvest Subscription Receipt was converted into one (1) Unit of Harvest upon the completion of the Transaction.

PRIVATE PLACEMENT

As a condition to the completion of the Transaction, Harvest was required to complete a private placement of up for aggregate minimum gross proceeds equal to $15,000,000. Harvest was required to complete such private placement prior to Closing.

On February 22, 2017, MMJ, Harvest and the Agents entered into the Agency Agreement in connection with the Private Placement. Harvest appointed a syndicate of agents led by Mackie Research Capital Corporation (the Lead Agent and sole bookrunner) and including Canaccord Genuity Corp., Eight Capital and GMP Securities L.P. The Harvest Subscription Receipts were offered in all provinces of Canada and such other jurisdictions as the Harvest and the Lead Agent agreed where the Private Placement could be sold without the requirement to file a prospectus or similar document. The Private Placement was completed on a best efforts basis, and the latest date the distribution remained open until was February 22, 2017.

Harvest granted the Agents an Over-Allotment Option to increase the size of the Private Placement by up to $3,000,000, exercisable by the Lead Agent with written notice to Harvest on behalf of the Agents at any time up to 48 hours prior to the closing of the Private Placement. If the Agents exercised the Over-Allotment Option in full, the maximum gross proceeds available to Harvest pursuant to the Private Placement would have been $25,000,500. The Agent exercised the Over-Allotment Option in full.

On February 22, 2017, Harvest completed the Private Placement of an aggregate of 33,334,000 Harvest Subscription Receipts at a subscription price of $0.75 per Harvest Subscription Receipt after giving effect to the Consolidation, for aggregate gross proceeds of $25,000,500.

Concurrently with Closing, each Harvest Subscription Receipt will be exchanged automatically, for, for no additional consideration, into one (1) Unit of Harvest, with each Unit consisting of: (i) one (1) Resulting Issuer Common Share; and (ii) one half of one (0.5) Warrant. Each whole Warrant will entitle the holder to acquire one Resulting Issuer Common Share within 36 months following Closing at an exercise price of $1.00 per Resulting Issuer Common Share.

The gross proceeds from the Private Placement less 50% of the Agents' Cash Commission and certain expenses of the Agents (the "**Escrowed Funds**") have been deposited in escrow with Computershare Investor Services Inc. (the "**Escrow Agent**") until the satisfaction of the following conditions (the "**Escrow Release Conditions**"):

(a) all the necessary regulatory and shareholder approvals for the Transaction including approval of the Exchange;

(b) written confirmation from each of MMJ and Harvest that all conditions to the Transaction have been satisfied, other than the release of the Escrowed Funds, and that the Transaction shall be completed forthwith upon release of the Escrowed Funds;

(c) the Consolidation having been made effective;

(d) United Greeneries having entered into the Expansion Lease; and,

(e) the distribution of the Harvest Subscription Receipts and underlying Harvest Common Shares being exempt from applicable prospectus and registration requirements of applicable securities laws.

At the completion of the Transaction, the Harvest Subscription Receipts will be automatically converted to Harvest Common Shares without payment of any additional consideration or any further action on the part of the holder thereof.

In the event the Escrow Release Conditions have not been satisfied or waived prior to 5:00 p.m. (Toronto time) on the date which is 120 days following the closing date of the Private Placement on February 22, 2017, the Escrow Agent shall refund the Escrowed Funds together with the accrued interest to the applicable holders of Harvest Subscription Receipts, and such Harvest Subscription Receipts shall be automatically cancelled and be of no further force and effect. In such instance, it shall be the sole responsibility of MMJ to make the applicable holders of Harvest Subscription Receipts whole on their investment amount and paying any shortfall.

In connection with the Private Placement, the Agents received a cash commission equal to $1,500,030 (the "**Agents' Cash Commission**"). In addition, the Agents received 2,000,040 compensation options to purchase Units, in whole or in part, equal to 6.0% of the Harvest Subscription Receipts issued in the Private Placement, exercisable for the 36-month period following the completion of the Transaction (the "**Agents' Options**").

The net proceeds of the Offering, following the deduction of the Agents' fees and expenses and the Agents' Cash Commission, is expected to be $22,645,455.

THE TRANSACTION

Harvest proposes to acquire from Phyto UK all of the issued and outstanding common shares of United Greeneries and all of the issued and outstanding registered shares of Satipharm pursuant to the Share Exchange Agreement and concurrently with the Transaction, complete the Consolidation.

Share Exchange Agreement

On November 2, 2016, MMJ and Harvest entered into a binding term sheet in connection with the Transaction.

On December 7, 2016, MMJ, Phyto UK, United Greeneries, Satipharm and Harvest entered into the Share Exchange Agreement, as subsequently amended on February 1, 2017, March 28, 2017, March 31, 2017 and April 10, 2017. Pursuant to the Share Exchange Agreement and subject to the fulfillment of certain conditions, Harvest agreed to acquire from Phyto UK the United Greeneries Shares and the Satipharm Shares in consideration for $33,180,997, payable by way of a combination of $2,000,000 in cash and the Target Shareholder Share Consideration, consisting of 41,574,662 Harvest Common Shares. Additionally, as consideration for the assumption by Harvest of the Target Debt**,** MMJ will receive the MMJ Share Consideration, consisting of 11,758,671 Harvest Shares, representing a purchase price of $8,819,003 for the Target Debt.

Following the completion of the Transaction: (a) United Greeneries and Satipharm will become wholly-owned subsidiaries of Harvest and the business of the combined entity after giving effect to the Transaction, will include the businesses of United Greeneries and Satipharm (indirectly through the operation of each of United Greeneries and Satipharm); (b) original shareholders of Harvest will hold an aggregate of 2,286,659 Resulting Issuer Common Shares, representing approximately 2.5% of the then issued and outstanding Resulting Issuer Common Shares; (c) Phyto UK will hold an aggregate of 41,574,662 Resulting Issuer Common Shares, representing approximately 46.7% of the then issued and outstanding Resulting Issuer Common Shares; (d) MMJ will hold an aggregate of 11,758,671 Resulting Issuer Common Shares, representing approximately 13.2% of the then issued and outstanding Resulting Issuer Common Shares; and (e) in connection with the Private Placement, subscribers of Harvest Subscription Receipts will hold an aggregate of 33,334,000 Resulting Issuer Common Shares, representing approximately 37.4% of the then issued and outstanding Resulting Issuer Common Shares.

The following is a summary of certain provisions of the Share Exchange Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, provisions of the Share Exchange Agreement, which can be found on SEDAR at www.sedar.com under Harvest's profile and is incorporated by reference herein.

Mutual Conditions and Covenants

The respective obligations of the parties to complete the Transaction are subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Harvest or MMJ (where capable of being waived):

(a) At Closing, written consents or approvals, in the form and substance satisfactory to each of Harvest and MMJ, acting reasonably, of any governmental authority or Persons whose consent, waivers, forbearance or other approval to Transaction is required (including pursuant to any contract) to have been obtained and all conditions imposed upon such consents, waivers, forbearance or other approvals to have been satisfied, including without limitation, the shareholders of MMJ, the Exchange and the ASX.

(b) The Harvest Common Shares issuable in connection with the Transaction must have been conditionally approved for listing by the Exchange, subject to fulfillment of the Exchange's conditions, including the usual and ordinary listing requirements.

(c) At the time of Closing, no prohibition under any applicable laws against the completion of the Transaction or any of the transactions contemplated by the Share Exchange Agreement are to be in existence.

(d) The Closing is to occur on or prior to February 28, 2017 or such later date (not to exceed April 28, 2017) as may be agreed in writing by Harvest and MMJ.

(e) The Exchange to have received a Sponsorship Acknowledgement Form (as defined in the Exchange Policies), and the accompanying documents as may be required by the Exchange Policy 2.2 - Sponsorship and Sponsorship Requirements, or the sponsorship requirement shall have been waived by the Exchange or satisfied by other means acceptable to the Exchange.

(f) Prior to Closing, the Private Placement must have been completed, in reliance upon the business combination and reorganization exemption in Section 2.11 of National Instrument 45-106 – Prospectus Exemptions of the Canadian securities administrators, for minimum gross proceeds of $15,000,000 or such other amount as may be agreed by the parties to the Share Exchange Agreement and sufficient to allow Harvest to meet the minimum listing requirements post-Transaction.

(g) The Escrow Release Conditions contemplated by the Private Placement must have been satisfied or waived in writing by the Agents (where capable of being waived).

(h) Satipharm and PhytoTech Therapeutics, a subsidiary of MMJ, must have entered into an agreement: (i) that provides for PhytoTech Therapeutics to have continued access to cannabis products required to complete its proposed clinical trials and potentially thereafter commercially exploit any pharmaceutical products that result from the clinical trials; and (ii) restricting MMJ and PhytoTech Therapeutics from competing with the businesses of the Targets and any of their subsidiaries, all on terms acceptable to Harvest and MMJ, each acting reasonably.

Conditions Precedent in favour of Harvest

The obligation of Harvest to complete the Transaction is subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Harvest (where capable of being waived):

(a) At Closing, MMJ, Phyto UK, United Greeneries and Satipharm to have executed, delivered and performed all covenants on its part to be performed under the Share Exchange Agreement and all representations and warranties contained in the applicable sections of the Share Exchange Agreement to be true and correct at Closing unless they specifically relate to an earlier date, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of MMJ, Phyto UK, United Greeneries and Satipharm to have been delivered to MMJ as of the Closing.

(b) At Closing, there has been no material change or change in a material fact or a new material fact or an undisclosed material fact or material change in respect of the Targets which might reasonably be expected to have a material adverse effect on the condition (financial or otherwise), capital, property, assets, operations, business, affairs or prospects of the Targets.

(c) At Closing, all necessary steps and corporate proceedings to have been taken by MMJ, Phyto UK, United Greeneries and Satipharm, their respective board of directors and securityholders (as applicable) to permit the transactions contemplated by the Share Exchange Agreement.

(d) Until and including the date of Closing, MMJ to make available to Harvest all material books, accounts, records and other financial and accounting data of the Targets and each subsidiary of the Targets (including all available financial statements) and otherwise cooperate with Harvest in the completion by Harvest of such filings as it may be required to complete under applicable laws and Exchange Policies in connection with the transactions contemplated in the Share Exchange Agreement.

(e) Until and including the date of Closing, MMJ to make available to Harvest all United Greeneries documents, Satipharm documents, minute books and other corporate records and all documents of title and related records and other material data of the Targets in order to enable Harvest to make an examination of the same and without limiting the generality of the foregoing, including such technical and market information as Harvest considers appropriate.

(f) At Closing, there are to be no inquiry or investigation (either formal or informal), in relation to the Targets or any of their respective directors or officers, commenced or threatened by any governmental authority having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on the Targets or upon Closing.

(g) The Targets' working capital must not be less than $1.00, prior to giving effect to the Private Placement.

(h) The License must be in good standing with Health Canada and there shall have been no material adverse change to the License.

(i) MMJ to have executed and delivered to Harvest all documents as Harvest may reasonably request for the purposes of completing the Transaction in accordance with the terms of the Share Exchange Agreement.

If any such conditions shall not be fulfilled or waived in writing by Harvest at or prior to the Closing Date, Harvest may rescind the Share Exchange Agreement by written notice to MMJ and, in such event, Harvest and MMJ shall be released from all obligations thereunder.

Conditions Precedent in favour of MMJ

The obligations of MMJ to complete the Transaction is subject to the fulfillment of the following conditions precedent unless waived in writing by MMJ (where capable of being waived):

(a) At Closing, Harvest to have executed, delivered and performed all covenants on its part to be performed under the Share Exchange Agreement and all representations and warranties are to be true and correct at Closing, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of Harvest to have been delivered to MMJ as of the Closing.

(b) At Closing, there has been no material change or change in a material fact or a new material fact or an undisclosed material fact or material change in respect of Harvest which might reasonably be expected to have a material adverse effect on the condition (financial or otherwise), capital, property, assets, operations, business, affairs or prospects of Harvest.

(c) At Closing, all necessary steps and corporate proceedings, as approved by MMJ must have been taken by Harvest, the Harvest Board and the Harvest Shareholders (as applicable) to permit the transactions contemplated by the Share Exchange Agreement.

(d) Until and including the Closing Date, Harvest to make available to MMJ all material books, accounts, records and other financial and accounting data of Harvest (including all available financial statements) and otherwise cooperate with MMJ in the completion by MMJ of such filings as it may be required to complete under applicable laws and ASX policies in connection with the transactions contemplated in the Share Exchange Agreement.

(e) At Closing, there are to be no inquiry or investigation (either formal or informal), in relation to Harvest, or any of its directors or officers, commenced or threatened by any officer or official of the Exchange, the Alberta or British Columbia securities commissions, or any governmental authority having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Harvest.

(f) Harvest to have received the requisite corporate approval(s) to file, and to have filed, amendments to Harvest's constating documents implementing the Consolidation and the use of such name as may be proposed by MMJ and accepted by the Exchange.

(g) Harvest to have delivered resignations and releases in favour of Harvest from all directors and officers (as applicable) of Harvest, other than Anne Chopra, to take effect on Closing, which resignations shall be staged in such a manner that new directors as directed by MMJ shall be appointed to fill each vacancy and the board members of Harvest shall have signed such resolutions as may be necessary to give effect to this reorganization of the Harvest Board on Closing. Upon Closing, unless otherwise agreed in writing by MMJ and Harvest, the initial board and management teams of Harvest shall be comprised as follows:

Name	**Position**
Andreas Gedeon	Chief Executive Officer and Director
Kwong Choo	Chief Financial Officer and Corporate Secretary
Peter Wall	Chairman and Director
Anne Chopra	Director
Jason Bednar	Director
Will Stewart	Director

(h) Harvest's working capital to be equal to approximately nil, including permitted transaction costs and prior to giving effect to the Private Placement.

(i) Harvest to have executed and delivered to MMJ all documents as Harvest may reasonably request for the purposes of completing the Transaction in accordance with the terms of the Share Exchange Agreement.

If any such condition is not fulfilled or waived in writing by MMJ at or prior to the Closing Date, MMJ may rescind the Share Exchange Agreement by written notice to Harvest and, in such event, Harvest and MMJ shall be released from all obligations thereunder.

Representations and Warranties

The Share Exchange Agreement contains a number of customary representations and warranties of each of the parties relating to, among other things, corporate status, the corporate authorization and enforceability of, and board approval of the Share Exchange Agreement and the Transaction, and the business and affairs of Harvest, MMJ, Phyto UK, United Greeneries and Satipharm.

Conduct of Business

From the date of signing the Share Exchange Agreement until the Closing Date, Harvest, each Target, and each subsidiary of the Targets are to conduct its business in the ordinary course, except as permitted or required under the Share Exchange Agreement, and must not, without the prior written consent of the other party (not to be unreasonably withheld, conditioned or delayed):

(a) dispose of any material assets;

(b) terminate or amend any material contracts;

(c) acquire any new business;

(d) take on material new indebtedness or make any loans or advances to any Person;

(e) amend its constating documents;

(f) make any material change in its methods of accounting, except as required by IFRS;

(g) declare or pay dividends; and

(h) enter into any agreements or arrangements or take any other action that would reasonably be expected to adversely affect the value of the assets or common shares of such party or delay or impede the completion of the Transaction on the terms set out in the Share Exchange Agreement.

Termination of the Share Exchange Agreement

Harvest and MMJ may terminate the Share Exchange Agreement at any time prior to Closing upon the mutual written agreement of Harvest and MMJ.

The Share Exchange Agreement will terminate automatically with no further action from any party thereof if the Transaction is not closed by 5:00 pm (Toronto time) on April 28, 2017.

If, at any time prior to Closing, any representation and warranty, covenant or condition (which by its terms must be complied with or fulfilled at such time), made or given by MMJ, Phyto UK, United Greeneries or Satipharm in the Share Exchange Agreement is not, in the case of a representation and warranty true and correct with the same force and effect as if given at and of such time, and, in the case of a covenant or condition, is not being complied with or fulfilled in all material respects and if such representation and warranty, covenant or condition is not made true and correct or complied with or fulfilled in all material respects by action of MMJ, Phyto UK, United Greeneries or Satipharm, as applicable, in within 10 days of MMJ, Phyto UK, United Greeneries or Satipharm, as applicable, in receiving notice to that effect from Harvest, then Harvest, at the expiry of such period, by giving notice to MMJ, Phyto UK, United Greeneries or Satipharm, may terminate the Share Exchange Agreement and its obligations thereunder.

If, at any time prior to Closing, any representation and warranty, covenant or condition (which by its terms must be complied with or fulfilled at such time), made or given by Harvest in the Share Exchange Agreement is not, in the case of a representation and warranty true and correct with the same force and effect as if given at and of such time, and, in the case of a covenant or condition, is not being complied with or fulfilled in all material respects and if such representation and warranty, covenant or condition is not made true and correct or complied with or fulfilled in all material respects by action of Harvest within 10 days of Harvest receiving notice to that effect from MMJ, then MMJ, at the expiry of such period, by giving notice to Harvest, may terminate the Share Exchange Agreement and its obligations thereunder.

If, at any time prior to Closing, MMJ enters into a written agreement (other than a confidentiality agreement) with respect to a Superior Proposal, provided Harvest is then in compliance with the Share Exchange Agreement, and that prior to or concurrent with such termination MMJ pays a termination fee, the Share Exchange Agreement may be terminated.

Termination Fees

The Share Exchange Agreement provides for customary fees payable upon termination, including provisions that:

(a) in the event the Transaction does not close and the Share Exchange Agreement is terminated because of a breach of the Share Exchange Agreement by either party (the failure to obtain shareholder approval by either party shall not be considered to be a breach of the Share Exchange Agreement) the breaching party shall pay the non-breaking party the amount of $50,000; or

(b) in the event that the Share Exchange Agreement is terminated by MMJ because MMJ has received a Superior Proposal as per the terms of Share Exchange Agreement, MMJ shall immediately pay to Harvest a fee equal to $125,000.

Within 5 business days following Closing, Harvest must reimburse MMJ, from the proceeds of the Private Placement, for all expenditures incurred in the Targets' businesses between October 1, 2016 and the Closing Date, with an estimate of such expenses to be delivered to Harvest by MMJ on or prior to Closing.

Subject to the provisions of the Share Exchange Agreement, whether or not the Transaction is completed, Harvest shall be responsible for certain costs related to the Share Exchange Agreement and the Transaction, and MMJ shall be responsible for all of its costs, professional and advisory fees and expenses, legal expenses and accounting expenses related to the Share Exchange Agreement and the Transaction.

Reverse Takeover

The Transaction will constitute a Reverse Takeover of Harvest. Generally, a Reverse Takeover transaction involves an issuer issuing securities from its treasury to purchase another entity or Significant Assets, where the owners of the other entity or assets acquire control of the issuer.

The Transaction was negotiated on an arm's-length basis and involves arm's-length parties and therefore is not a Non-Arm's Length Qualifying Transaction under the Exchange Policies.

Resale of Shares

The Resulting Issuer Common Shares to be issued to MMJ pursuant to the Transaction will be issued in reliance on exemptions from prospectus requirements of applicable securities laws of the various applicable provinces in Canada and will generally, subject to the discussion regarding applicable escrow and resale restrictions imposed by the Exchange (see "*Part III. Information Concerning the Resulting Issuer – Escrowed Securities*"), be "freely tradable" (and not subject to any "restricted period" or "hold period") if the following conditions are met: (i) the trade is not a control distribution (as defined in applicable securities legislation); (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a Person in respect of the trade; and (iv) if the selling security holder is an Insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.

Fractional Shares

No fractional Resulting Issuer Common Shares will be issued to MMJ and no rights to acquire fractional Resulting Issuer Common Shares will be granted to such holder. No cash will be paid in lieu of fractional shares. Any such fractional Resulting Issuer Common Shares will be rounded down to the nearest whole number.

Consolidation

Immediately prior to Closing, the Consolidation will be completed.

All Harvest Common Shares forming part of the Private Placement, including those forming part of the Harvest Subscription Receipts (including the Harvest Common Shares underlying the Agents' Options) and the securities issued pursuant to the exercise of the Over-Allotment Option, and the Consideration Shares, are Resulting Issuer Common Shares and all related information, including pricing, expressly gives effect to the Consolidation. The completion of the Transaction is conditional upon the completion of the Consolidation.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Information

The following table sets forth selected consolidated financial information for the Corporation and selected balance sheet and income statement for the financial year ended December 31, 2015 and the three and nine months ended September 30, 2016, with such financial statements included in this Filing Statement.

The following financial information should be read in conjunction the audited financial statements of the Corporation for the financial year ended December 31, 2015 and the unaudited interim financial statements for the three and nine months ended September 30, 2016 which are together attached hereto as "*Appendix A – Financial Statements of Harvest*".

Any additional financial information of the Corporation since inception can be found on SEDAR at www.sedar.com under Harvest's profile.

Selected Financial Information	Nine Months Ended September 30, 2016 (unaudited)[(1)] ($)	Year Ended December 31, 2015 (audited) ($)	Year Ended December 31, 2014 (audited) ($)
Total revenues	Nil	Nil	Nil
Total expenses[(2)]	$27,776	$46,253	$45,967
Income (loss) from continuing operations	($27,776)	($46,253)	($45,967)
Net income (loss) and total comprehensive income (loss) for the period	($27,776)	($46,253)	($45,967)
Basic and diluted loss per Harvest Common Share	($0.01)[(3)]	($0.01)[(3)]	($0.015)[(4)]
Total assets	$15,842	$47,849	$83,153
Total liabilities	$22,471	$26,702	$15,753
Cash dividends declared per Harvest Common Share	Nil	Nil	Nil

Notes:

(1) Harvest's unaudited interim financial statements for the three and nine months ended September 30, 2016 comply with IAS 34 - *Interim Financial Reporting*.

(2) Pursuant to section 8.4 of the CPC Policy, until the Completion of a Qualifying Transaction, a CPC may use no more than the lesser of: (i) 30% of the gross proceeds from the sale of securities issued by a CPC, and (ii) $210,000, for purposes other than as provided in section 8.3 of the CPC Policy. Section 8.3 provides that proceeds from the sale of securities by a CPC may only be used for identifying and evaluating assets or business and obtaining shareholder approval for a Qualifying Transaction, and enumerates examples of acceptable expenses incurred in connection with same.

(3) The calculation of basic and diluted loss per Harvest Common Share for the relevant period is based on the weighted average number of Harvest Common Shares for the purpose of basic and diluted loss per share of 4,093,120 Harvest Common Shares. Any outstanding preference shares, stock options, and warrants were anti-dilutive for the relevant period.

(4) The calculation of basic and diluted loss per Harvest Common Share for the relevant period is based on the weighted average number of Harvest Common Shares for the purpose of basic and diluted loss per share of 3,131,476 Harvest Common Shares. Any outstanding preference shares, stock options, and warrants were anti-dilutive for the relevant period.

Management's Discussion and Analysis of Operating Results

Please see the Corporation's MD&As for the financial year ended December 31, 2015 and the three and nine months ended September 30, 2016, which are together attached hereto as "*Appendix B – Management's Discussion and Analysis of Harvest*". Any additional financial information of the Corporation since inception can be found on SEDAR at www.sedar.com under Harvest's profile.

DESCRIPTION OF THE SECURITIES

Harvest Common Shares

The Corporation is authorized to issue an unlimited number of Harvest Common Shares without nominal or par value. As at the date of this Filing Statement, 4,093,120 Harvest Common Shares are issued and outstanding as fully paid and non-assessable. In addition, 400,000 Harvest Common Shares are reserved for issuance pursuant to the Harvest Stock Option Plan, and Harvest Common Shares are reserved for issuance under the Agents' Options. Concurrently with the Closing, each issued and outstanding Harvest Common Shares will be consolidated pursuant to the Consolidation. All Harvest Common Shares outstanding after completion of the Transaction and Private Placement are fully paid and non-assessable.

Holders of Harvest Common Shares are entitled to receive notice of and to vote at every meeting of Harvest Shareholders and shall have one vote for each Harvest Common Share held. In the event of liquidation, dissolution, or winding-up of the Corporation or upon any distribution of the assets of the Corporation among Harvest Shareholders (other than by way of dividend) and subject to the rights, privileges, restrictions and conditions attached to the Harvest Preferred Shares, the Harvest Shareholders are entitled to share equally in such distribution. Subject to the rights, privileges, restrictions and conditions attached to the Harvest Preferred Shares, the holders of Harvest Common Shares are entitled to dividends if and when declared by the Harvest Board. To date, the Corporation has not paid any dividends on its outstanding Harvest Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, financial condition of the Corporation and other factors which the board of directors of the Corporation may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

Harvest Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares of the Corporation (the "**Harvest Preferred Shares**") without nominal or par value. The Harvest Preferred Shares may be issued from time to time in one or more series, each consisting of a number of Harvest Preferred Shares as determined by the Harvest Board which also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Harvest Preferred Shares. There are no Harvest Preferred Shares issued and outstanding. The Harvest Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Harvest Preferred Shares of every other series and shall be entitled to preference over the Harvest Common Shares and the shares of any other class ranking junior to the Harvest Preferred Shares. The Harvest Preferred Shares of any series may be purchased for cancellation or made subject to redemption as determined by the Harvest Board.

STOCK OPTION PLAN

The Corporation has a "rolling" stock option plan dated August 31, 2009 (the "**Harvest Stock Option Plan**"). Pursuant to the Harvest Stock Option Plan, the Harvest Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-assignable and non-transferable options to purchase Harvest Common Shares, provided that the number of Harvest Common Shares reserved for issuance do not exceed 10% of the Corporation's issued and outstanding share capital at any given time, with no mandatory vesting provisions. Such options will be exercisable for a period of up to 5 years from the date of grant.

Further details regarding the Harvest Stock Option Plan are set forth below:

(a) the number of Harvest Common Shares reserved for issue to any one person in any 12-month period under the Harvest Stock Option Plan may not exceed 5% of the outstanding common shares at the time of grant without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 – *Incentive Stock Options*);

(b) the number of Harvest Common Shares reserved for issue to any consultant (as defined in the applicable Exchange Policy) in any 12-month period under the Harvest Stock Option Plan may not exceed 2% of the outstanding Harvest Common Shares at the time of grant;

(c) the aggregate number of Harvest Common Shares reserved for issue to any Employee (as defined in the applicable Exchange Policy) conducting Investor Relations Activities (as defined in the applicable Exchange Policy) in any 12-month period under the Harvest Stock Option Plan may not exceed 2% of the outstanding Harvest Common Shares at the time of grant;

(d) the number of Harvest Common Shares issued to any one person within a 12-month period on the exercise of stock options may not exceed 5% of the outstanding Harvest Common Shares at the time of exercise without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 – *Incentive Stock Options*);

(e) the exercise price per Harvest Common Share for a stock option may not be less than the Discounted Market Price (as defined and calculated pursuant to the applicable Exchange Policy);

(f) the Corporation, as long as it is a CPC, will not grant options to any person providing investor relations activities, promotional or market-making services; and,

(g) stock options may have a term not exceeding 10 years.

As of the date of this Filing Statement, the Corporation has 400,000 incentive stock options outstanding pursuant to the Harvest Stock Option Plan. The incentive stock options were issued to directors and officers of the Corporation on October 26, 2016. These stock options are exercisable at $0.10 per share and expire 3 years from the date of issue. The stock options vested immediately.

A copy of the Harvest Stock Option Plan is available upon request from the Corporation.

PRIOR SALES

As of the date of this Filing Statement, 4,093,120 Harvest Common Shares have been issued and remain outstanding. The table below sets out the dates and prices at which Harvest Common Shares have been sold since incorporation and the number of securities of the class sold at each price:

Date	Number of Harvest Common Shares	Issue Price Per Harvest Common Share	Aggregate Issue Price	Consideration Received
August 28, 2008	1(1)	$0.001	$0.001	Cash
August 28, 2008	50,000(2)	$0.05	$2,500	Cash
September 14, 2009	1,950,000(2)	$0.05	$97,500	Cash
December 16, 2009	2,000,000	$0.10	$297,500	Cash
December 17, 2014	1,000,000	$0.05	$347,500	Cash
Total	**5,000,000(2)**		**$745,000**	

Notes:

(1) 1 Harvest Common Share was issued to the incorporator of the Corporation upon incorporation and was repurchased by the Corporation on August 28, 2009 at a price of $0.001.

(2) Harvest Common Shares issued to directors of Harvest prior to its listing as a CPC. 1,000,000 of these Harvest Common Shares were returned to treasury for cancellation in 2012, as disclosed under note 3, below.

(3) During the year ended December 31, 2010, 93,120 stock options at $0.10 per share were exercised, and an aggregate of 93,120 common shares were issued for total proceeds of $9,312. On April 27, 2012, 1,000,000 common shares that were held in escrow for the directors of Harvest were returned to treasury for cancellation.

STOCK EXCHANGE PRICE

Harvest Common Shares are listed and posted for trading on the NEX under the symbol "WON.H". The following table sets out the high and low trading prices and aggregate volumes of trading of Harvest Common Shares on a monthly basis for each month, or part month, where applicable, of the current quarter and the immediately preceding quarter and on a quarterly basis for the preceding seven quarters:

Period	High ($)	Low ($)	Volume
2014			
Quarter ended December 31, 2014	0.050	0.050	5,000

Period	High ($)	Low ($)	Volume
2015			
Quarter ended March 31, 2015	0.020	0.020	2,000
Quarter ended June 30, 2015	0.025	0.025	16,500
Quarter ended September 30, 2015(1)	N/A	N/A	120(2)
Quarter ended December 31, 2015	N/A	N/A	Nil
2016			
Quarter ended March 31, 2016	N/A	N/A	Nil
Quarter ended June 30, 2016	N/A	N/A	Nil
Quarter ended September 30, 2016	N/A	N/A	Nil
October 1 – 31, 2016	N/A	N/A	Nil
November 1 – 30, 2016	N/A	N/A	Nil
December 1 – 31, 2016	N/A	N/A	Nil
2017			
January 1, 2017 – January 31, 2017	N/A	N/A	Nil
February 1, 2017 – February 28, 2017	N/A	N/A	Nil
March 1, 2017 – March 31, 2017	N/A	N/A	Nil
April 1, 2017 – April 19, 2017	N/A	N/A	Nil

Notes:

(1) The trading of Harvest Common Shares was halted on October 20, 2015 at the request of Harvest pending the news of Harvest entering into a letter of intent with Mobile regarding the Mobile Transaction.

(2) A trade of 120 Harvest Common Shares was made on July 13, 2015 before the trading of Harvest Common Shares was halted on October 20, 2015.

ARM'S LENGTH TRANSACTION

The proposed Transaction is a Qualifying Transaction and not a Non-Arm's Length Qualifying Transaction.

LEGAL PROCEEDINGS

There are no legal proceedings material to Harvest to which it is a party or of which any of its property is the subject matter. Harvest is not currently contemplating any material legal proceedings and Harvest is not aware of any legal proceedings contemplated against it.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of Harvest is MNP LLP, Chartered Accountants located at Suite 2200, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

The transfer agent and registrar of the Harvest Common Shares is Computershare Investor Services Inc. located at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

Except for the contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation, as of the date of this Filing Statement, which are in effect and considered to be material:

(a) Share Exchange Agreement dated December 7, 2016 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(b) Amendment to Share Exchange Agreement dated February 1, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(c) Amendment to Share Exchange Agreement dated March 28, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(d) Amendment to Share Exchange Agreement dated March 31, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(e) Amendment to Share Exchange Agreement dated April 10, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(f) Agency Agreement dated February 22, 2017 among MMJ, Harvest and the Agents. See "*Part I. Information Concerning Harvest – Private Placement*".

(g) Subscription Receipt Agreement dated February 22, 2017 among MMJ, Harvest, Computershare Trust Company of Canada, and the Lead Agent. See "*Part I. Information Concerning Harvest – Private Placement*".

(h) Warrant Indenture dated February 22, 2017 among Harvest and Computershare Trust Company of Canada. See "*Part I. Information Concerning Harvest – Private Placement*".

(i) CPC Escrow Agreement dated September 30, 2009 among Harvest, Computershare Investor Services Inc., and certain securityholders. See "*Part III. The Resulting Issuer. Escrowed Securities. CPC Escrowed Securities*".

Copies of the material contracts described above will be available for inspection at the registered office of the Corporation located at Suite 2102, 212 Davie Street, Vancouver, British Columbia, V6B 5Z4, during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

PART II: INFORMATION CONCERNING UNITED GREENERIES AND SATIPHARM

CORPORATE STRUCTURE

Name and Incorporation

United Greeneries

The full name of United Greeneries is "United Greeneries Holdings Ltd.". United Greeneries' head and registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

MMJ Bioscience Inc. (BC1044683), the predecessor to United Greeneries, was formed on July 31, 2015 by an amalgamation pursuant to the BCBCA between MMJ Bioscience Inc. (BC0993871) and 1032831 BC Ltd. (BC1032831), a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ (formerly known as PhytoTech Medical). The amalgamated company continued to operate under the name "MMJ Bioscience Inc.". On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd.".

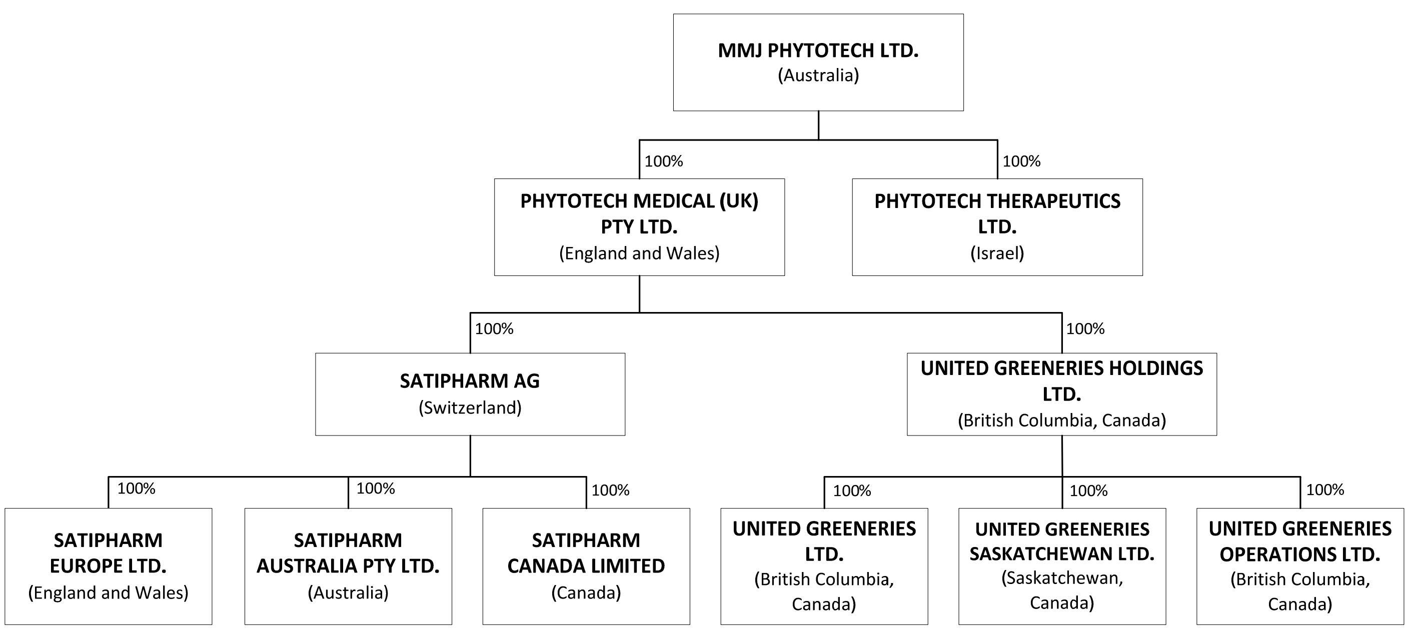
Satipharm

The full name of Satipharm is "Satipharm AG". Satipharm's head and registered office is located at Riedstrasse 7, 6330, Cham, Switzerland.

Satipharm was incorporated on August 11, 2015, under the *Swiss Code of Obligations* (Switzerland), as amended. Satipharm is a private company that is a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

Intercorporate Relationships

The material subsidiaries controlled by United Greeneries and Satipharm, the place of incorporation or continuance of those subsidiaries and the percentage of voting securities held, directly or indirectly, by the United Greeneries and Satipharm, as applicable, are as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

History

United Greeneries

2014

On March 12, 2014, one of United Greeneries' pre-amalgamation entities, MMJ Bioscience Inc. (BC0993871), completed the formal requirements to assume the commercial lease at Duncan Facility, as well as all equipment and intellectual rights to genetics contained within the Duncan Facility, by acquiring 0966792 BC Ltd., which was, until then, leasing the facility from the owner, Elk Valley Properties Ltd. of Saanich, British Columbia. The acquisition was carried out by way of share purchase agreement whereby MMJ Bioscience Inc. (BC0993871), issued a total of 29,999,999 common shares of MMJ to the former shareholders of 0966792 BC Ltd. This lease was assumed by United Greeneries on July 31, 2015 and expires April 30, 2021 with two options to renew for an additional 5-year term (for a total of 10 years) (the "**Duncan Lease**"). The Duncan Facility is located at: Parcel A, Lot 3, Plan 2298, Section 13, Range 7, Quamichan Land District, PID: 000-995-215. The Duncan Lease contains a right of first refusal lease clause entitling United Greeneries to retain a first right of refusal on any accepted offer of purchase and sale for the lands and the building.

Between April and December 2014, one of United Greeneries' pre-amalgamation entities, MMJ Bioscience Inc. (BC0993871), raised over $3,000,000 pursuant to a debenture financing. The proceeds of the debenture financing were used in part to finance upgrades at the Duncan Facility and to purchase Lucky Lake Facility for $825,000. The debentures were later converted into equity upon takeover by PhytoTech Medical.

2015

On January 22, 2015, PhytoTech Medical, the predecessor to MMJ, announced that its common shares were to be listed on the ASX under the symbol "PYL".

On March 25, 2015, PhytoTech Medical, the predecessor to MMJ, announced that it had entered into an amalgamation agreement pursuant to the BCBCA to combine the business and assets of 1032831 BC Ltd. (BC1032831), its indirect wholly-owned subsidiary with the business and assets of MMJ Bioscience Inc. (BC0993871).

On April 1, 2015, MMJ Bioscience Inc. (BC0993871) received a letter from Health Canada confirming that a pre-license inspection may be approaching in the future.

On June 29, 2015, PhytoTech Medical, the predecessor to MMJ, changed its name to "MMJ PhytoTech Ltd." and changed its ASX trading symbol to "MMJ".

2016

On July 31, 2015, 1032831 BC Ltd. (BC1032831) and MMJ Bioscience Ltd. (BC0993871) completed the amalgamation of its businesses and assets pursuant to the BCBCA. The amalgamated company continued to operate under the name "MMJ Bioscience Inc." (BC1044683).

On August 17, 2015, MMJ Bioscience Inc. (BC1044683) changed its name to "United Greeneries Holdings Ltd.".

On November 2, 2015, remedial installations and upgrades on the Duncan Facility were completed.

On November 4, 2015, MMJ announced that it officially notified Health Canada of Duncan Facility's readiness for evaluation and requested an immediate date for pre-licensing inspection.

On January 14, 2016, MMJ received notice that the Duncan Facility pre-license inspection was set to commence February 1, 2016.

On June 28, 2016, MMJ announced that United Greeneries had obtained a License for the Duncan Facility. The License allows for the production of 100 kg of cannabis per annum and expires June 27, 2017, being the typical capacity granted by Health Canada to new Licensed Producers.

Events Subsequent to 2016

On July 7, 2016, United Greeneries executed a binding letter agreement with Cowichan Tribes, whereby United Greeneries was granted the option to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility owned by the Cowichan Tribes. United Greeneries' right to exercise this option expires June 1, 2017. In consideration for the grant of the option, United Greeneries agreed to pay Cowichan Tribes $1,000 per month until the earlier of the expiry of the option on June 1, 2017 or the entry into a formal lease agreement.

On August 13, 2016, United Greeneries exercised its option to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility from the Cowichan Tribes. United Greeneries exercised its option for the purpose of large scale greenhouse expansion of the Duncan Facility, subject to regulatory approval, market demand and other variables. The greenhouse expansion plan contemplates 3-phases of expansion for the full 40 acre land package that, if implemented, would result in Duncan Facility's production capacity growing from approximately 1,000 kg of cannabis per annum to an estimated 51,000 kg of cannabis per annum by the fiscal year ending June 30, 2020. In the short term, United Greeneries is targeting the cultivation of approximately 7,500 kg of medical cannabis during phase 1 of the expansion plan during 2017, then intends to rapidly scale up production to over 17,500kg during 2018.

On September 28, 2016, MMJ entered into a binding term sheet with Top Strike, a company listed on the Exchange, to sell 100% of the issued capital in United Greeneries and Satipharm to Top Strike.

On November 2, 2016, MMJ received an Acquisition Proposal from Harvest, which was determined to be a Superior Proposal to Top Strike's proposal by the board of directors of MMJ.

On November 2, 2016, the binding term sheet with Top Strike was terminated.

On November 3, 2016, MMJ announced that it had entered into a binding term sheet with Harvest pursuant to which Harvest would acquire from MMJ's subsidiary Phyto UK all of the issued and outstanding capital in United Greeneries and Satipharm for consideration.

On November 28, 2016, United Greeneries LP secured an import permit from Canada and the Canadian Food Inspection Agency, as it enabled United Greeneries LP to import 1 kg of cannabis seeds. The securing of an import permit positions United Greeneries LP with the capacity to import critical starter material required to cultivate unique cannabis.

On December 21, 2016, United Greeneries LP commenced cannabis growing operations at the Duncan Facility using seeds imported from Switzerland.

On March 8, 2017, United Greeneries entered into a lease agreement with Cowichan Tribes with respect to the Duncan Facility expansion to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility (the "**Expansion Lease**"). The Expansion Lease has an initial 10 year term, with an option to renew the Expansion Lease for an additional 10 year term at the option of United Greeneries.

Satipharm

2015

Satipharm began production of its Gelpell® Microgel CBD Capsules in May 2015 pursuant to a manufacturing agreement (the "**GelPell Manufacturing Agreement**") with GelPell AG ("**GelPell**"), and is committed to increasing the sales of its flagship product throughout regulated markets globally. The CBD capsules utilize cannabis extract from Satipharm's partner AI FAME GmbH ("**AI FAME**"). AI FAME is an integrated cannabis-focused pharmaceutical compound manufacturer based in St. Gallen, Switzerland. AI FAME is a GMP-certified company that specialises in the production, breeding, cultivation, harvesting and processing of cannabis plants for food and medicine.

On July 1, 2015, GelPell, the manufacturer of Satipharm's Gelpell ® Microgel CBD Capsules, commenced production of Satipharm's capsules. GelPell is Satipharm's contract manufacturer and is located in Gähwil, Switzerland.

On August 10, 2015, Satipharm was incorporated under the *Swiss Code of Obligations* (Switzerland), as amended.

On September 7, 2015, Satipharm commenced online sales of the Gelpell® Microgel CBD Capsules. Satipharm's transaction processor froze the account and reversed all the transactions days after launching the product exercising their right to not provide service on any grounds. Sales were severely hampered for a period of over a year due to reoccurring issues of a similar nature. Satipharm was able to wholesale €150,000 during this time but also accumulated a large inventory of Gelpell® Microgel CBD Capsules which remained in inventory. A portion of the inventory of Gelpell® Microgel CBD Capsules were subsequently sold through a distribution agreement with Prima Sport Limited, a company based in the United Kingdom.

<u>2016</u>

On June 6, 2016, Stanislav Sologubov was appointed as CEO of Satipharm. Mr. Sologubov is an international sales and marketing expert with more than 15 years' experience working with global healthcare companies, and has developed a new go-to-market strategy that involves the proper country by country registration of the cannabidiol ("**CBD**") capsules, a small initial 2 country roll out (commenced in October), expected to be followed by an additional 10 country rollout.

On March 2, 2016, Satipharm entered into a binding term sheet with GelPell whereby Satipharm licensed from GelPell the exclusive worldwide and non-transferable right for the delivery of CBD and THC and/or other cannabis and hemp derived ingredients using the Gelpell® formulation and manufacturing know-how that is owned by GelPell. This licence entitles Satipharm to make, have made, improve, develop, promote new products, use, sell, have sold, import, export, or practice the licensed technology for the treatment or prevention of any medical condition or disease in humans and animals, and for food & dietary supplements.

To date, Satipharm has not satisfied the minimum sales requirements under the GelPell Manufacturing Agreement, largely due to historical issues with securing banking facilities for sales in Europe, and, as a result, the parties are in renegotiations pursuant to the provisions of the GelPell Manufacturing Agreement.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

United Greeneries and Satipharm are both wholly-owned subsidiaries of Phyto UK, which in turn is a wholly-owned subsidiary of ASX-listed MMJ, a vertically-integrated biopharmaceutical company focused on developing and commercializing cannabis plant-based therapeutics. MMJ was created from the merger of ASX-listed PhytoTech Medical and private company existing under the laws of British Columbia, MMJ Bioscience Ltd., in June 2015.

After giving effect to the Transaction, United Greeneries and Satipharm will be wholly-owned subsidiaries of Harvest. Harvest will be a cannabis and cannabis-based products company focused on supplying Canadian and international medical and recreational cannabis markets through two distinct operating brands:

- *United Greeneries*: A Canadian ACMPR Licensed Producer with focus on large scale horticultural operations.

- *Satipharm*: An international medical cannabis brand with focus on oral delivery technologies for strategic entry in emerging medical cannabis markets and the existing medical cannabis market in Canada.

Principal Products or Services

United Greeneries

United Greeneries is a Canadian ACMPR Licensed Producer and will be the Resulting Issuer's horticultural arm. United Greeneries has two main facilities, the Duncan Facility and the Lucky Lake Facility. United Greeneries' Duncan Facility is licensed to cultivate medical marihuana by Health Canada pursuant to its ACMPR License. Management of United Greeneries anticipates that the Duncan Facility will be issued a full ACMPR distribution license in the second quarter of 2017. The Lucky Lake Facility is at the ACMPR security clearance stage of review.

Duncan Facility

The Duncan Facility is situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acre land package located on Vancouver Island, British Columbia.

On June 28, 2016, Health Canada had approved United Greeneries LP as an authorized Licensed Producer at the Duncan Facility. The Duncan Facility has approximately 10,000 ft^2 of cultivation area and high compliance items such as a Level 8 Narcotics Vault and a full service in-house biochemical and analytical laboratory. The Duncan Facility has cultivation capacity of approximately 1,000 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

On July 7, 2016, United Greeneries executed a binding letter agreement with Cowichan Tribes, whereby United Greeneries was granted the option to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility owned by the Cowichan Tribes. United Greeneries' right to exercise this option expires June 1, 2017. In consideration for the grant of the option, United Greeneries agreed to pay Cowichan Tribes $1,000 per month until the earlier of the expiry of the option on June 1, 2017 or the entry into a formal lease agreement.

On August 13, 2016, United Greeneries exercised its option to enter into the Expansion Lease. United Greeneries exercised its option for the purpose of large scale greenhouse expansion of the Duncan Facility, subject to regulatory approval, market demand and other variables. The greenhouse expansion plan contemplates 3-phases of expansion for the full 40 acre land package that, if implemented, would result in Duncan Facility's production capacity growing from approximately 1,000 kg of cannabis per annum to an estimated 51,000 kg of cannabis per annum by the fiscal year ending June 30, 2020.

On March 8, 2017, United Greeneries entered into the Expansion Lease with Cowichan Tribes with respect to the Duncan Facility expansion. The Expansion Lease has an initial 10 year term, with an option to renew the Expansion Lease for an additional 10 year term at the option of United Greeneries.

Lucky Lake Facility

The Lucky Lake Facility, located in Lucky Lake, Saskatchewan is a 62,000 ft^2 concrete agricultural facility sitting on over 18 acres of land which is wholly-owned by United Greeneries, which is a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

The Lucky Lake Facility's application to become a Licensed Producer was submitted in March 2015 and is currently in the "security clearance stage" of the licensing process. For more information, see "*Risk Factors – Licensing under the ACMPR*". If licensed, Lucky Lake Facility's cannabis cultivation capacity is estimated to be up to 11,700 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

Satipharm

Satipharm is a European pharmaceutical, nutraceutical and cosmeceutical company, specialized in development, manufacturing and production of cannabis-based health, dietary and cosmetic products with a focus on legally accessible CBD, one of at least 113 active cannabinoids identified in cannabis. It is a major phytocannabinoid, accounting for up to 40% of the plant's extract. CBD is considered to have a wide scope of potential medical applications – due to clinical reports showing the lack of side effects, particularly a lack of psychoactivity (as is typically associated with Δ9-THC), and non-interference with several psychomotor learning and psychological functions. The mechanisms of action of CBD are multifaceted. It offers considerably more than 10 different mechanisms of action, a few of which are currently under clinical trials. Satipharm also has worldwide exclusive rights to the Gelpell ® Microgel process for all cannabis applications. Satipharm will be the Resulting Issuer's medical and health brand.

Gelpell® Microgel Process

The Gelpell® Microgel process produces gelatin beads which are approximately 2 mm in length and contain a payload of concentrated cannabinoids. The cannabinoids are bound and protected by a three-dimensional natural gelatin matrix. When ingested, the gelatin beads create a micro-emulsion which substantially enhances the oral bioavailability of the cannabinoids, and helps ensure accurate and consistent doses. These beads are encapsulated and packaged under GMP protocols into 10 mg, 50 mg and 100 mg presentations.

Satipharm's Gelpell® Microgel Capsules

Satipharm's first product is a CBD only product, sold as CBD Gelpell® Microgel Capsules.

Acquisition of Active Ingredient

Satipharm's CBD capsules utilize cannabis extract acquired from AI FAME. AI FAME is an integrated cannabis-focused pharmaceutical compound manufacturer based in St. Gallen, Switzerland. AI FAME is a GMP-certified company that specialises in the production, breeding, cultivation, harvesting and processing of cannabis plants for food and medicine.

Manufacturing of CBD Gelpell® Microgel Capsules

GelPell is the contract manufacturer of Satipharm's Gelpell ® Microgel CBD Capsules, and is located in Gähwil, Switzerland. GelPell is a contract manufacturer of food supplements and is licensed by SwissMedic, the applicable Swiss regulatory authority, to perform pharmaceutical packaging.

GelPell offer a number of manufacturing options, including the standard softgel capsule as well as twist offs, filling of hard caps, tablets, effervescent formulations, as well as their proprietary technology of Gelpell® beads.

Development of Products

Through an agreement between the two companies, Satipharm has licensed from GelPell the exclusive worldwide right for the delivery of CBD, THC and/or other cannabis and hemp derived ingredients using the Gelpell® formulation and manufacturing know-how that is owned by GelPell. Satipharm and GelPell cooperated to design the CBD Gelpell® Microgel Capsules in a formulation that seeks to best suit delivery of cannabinoid molecules for human use. Leveraging the GelPell formulation expertise, CBD Gelpell® Microgel Capsules were developed for sale as a food supplement in regulated markets within the European Union.

Satipharm began production of its Gelpell® Microgel CBD Capsules in May 2015, and is committed to increasing the sales of its flagship product throughout regulated markets globally.

Marketing

Satipharm currently markets the CBD Gelpell® Microgel Capsules in Germany, Poland and the UK in accordance with European Union regulations.

In other jurisdictions such as Canada and Australia, where regulatory authorities have approved the use of cannabis for medicinal purposes, Satipharm has applications underway to apply for import approval in compliance with applicable law in each jurisdiction. No assurance can be made that such applications will be successful.

Satipharm will continue to evaluate opportunities to expand the use of CBD Gelpell® Microgel Capsules in other regulated markets, in compliance with applicable law and upon receipt of requisite government approvals, licenses, and/or permits.

EU Regulatory Environment

Satipharm's CBD Gelpell® Microgel Capsules comply with the definition of a food supplement in accordance with Article 2 of Regulation 178/2002/EC. Regulation 178/2002/EC establishes the common basis for food law in Member States and includes common definitions, general provisions and specific requirements.

The CBD Gelpell® Microgel Capsules also comply with the food supplements directive 2002/46/EC.

Food supplements can be placed on the market without prior approval – it is the responsibility of the food business operator that the food supplement will fulfil all legal requirements within the European Member State. In Germany and in Poland, a notification of a new food supplement must be lodged with the relevant authority before the product is first placed on the market. In the UK no notification is needed.

The medical cannabis industry is highly regulated, and evolving rapidly. Satipharm continues to monitor and evaluate the regulatory environment in which it operates for compliance with applicable laws and regulations.

See "*Summary of Filing Statement – Risk Factors – Risks Relating to the Medical Cannabis Industry – Changes in Laws, Regulations and Guidelines*".

<u>Satipharm's Medical Testing</u>

Satipharm has sublicensed the pharmaceutical application of Gelpell® Microgel process to PhytoTech Therapeutics Ltd, MMJ's Israel-based subsidiary responsible for Satipharm's clinical development activities. In March 2016, PhytoTech Therapeutics completed a phase 1 clinical study which highlighted the safety and performance of Satipharm's Gelpell® Microgel CBD capsules in delivering CBD compounds to trial subjects. PhytoTech Therapeutics has commenced a phase 2 clinical study into the efficacy of the CBD Capsules, which contain organically derived, highly purified CBD, in treating intractable epilepsy in children at a leading Israeli healthcare facility. If successful, the phase 2 clinical study trial results will provide key data towards the commercial development of Satipharm's Gelpell® Microgel CBD capsules as prescription drug for the treatment of intractable epilepsy in children. PhytoTech Therapeutics is also in the final stages of preparing for the commencement of a phase 2 clinical study into the ability of the next generation of Gelpell® Microgel Capsules in treating spasticity-related symptoms associated with multiple sclerosis patients.

Operations

Specialized Skills and Knowledge; Employees

<u>United Greeneries</u>

The cultivation of medical cannabis is a specialized skill. United Greeneries has retained personnel with specialized knowledge and experience in the cultivation of medical cannabis in a highly regulated environment. United Greeneries draws on the specialized knowledge and expertise of its personnel in its operations to produce medical cannabis in compliance with its License.

See "*Risk Factors – Risks Relating to the Resulting Issuer – Reliance on Management*".

United Greeneries had 7 employees as at June 30, 2016.

<u>Satipharm</u>

The development of pharmaceutical products is a specialized skill. Satipharm has retained personnel with specialized knowledge and experience in the development of pharmaceutical products. In particular, Satipharm draws on the expertise of Stanislav Sologubov, a highly experienced pharmaceutical sales and marketing executive who was appointed as CEO of Satipharm in June 2016.

See "*Risk Factors – Risks Relating to the Resulting Issuer – Reliance on Management*".

Satipharm had one full time and one contract employee as at June 30, 2016.

Economic and Political Conditions

The medical cannabis industry is highly regulated, and evolving rapidly, in both Canada, where United Greeneries operates, and Europe, where a significant portion of Satipharm's operations are carried out. Significant changes in the regulatory environment in the jurisdictions in which United Greeneries and Satipharm operate could materially impact their operations. While United Greeneries and Satipharm monitor and evaluate the regulatory environment in which they operate for compliance with applicable laws and regulations, unforeseen adverse changes in the regulatory environment in Canada or Europe could negatively impact the performance of United Greeneries and Satipharm, respectively.

See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

Canadian Regulatory Environment

Background

United Greeneries' activities related to medical cannabis are regulated by the CDSA and its regulations, including the ACMPR, the NCR, as well as other applicable laws. Cannabis is subject to unique and specific regulation in Canada. Cannabis is a controlled substance listed in Schedule II of the CDSA.

Sale of cannabis as a drug would, as with any substance, be subject to the provisions of the FDA and to Part C of the FDR. Sativex ® buccal spray, which includes THC and CBD, and Marinol ® capsules, which include THC, are examples of drugs in compliance with the FDR that include cannabis.

Unlike drugs including THC and/or CBD, cannabis itself is not authorized for sale as a drug by Health Canada under the FDR. However, Canadian courts have ruled that individuals with a demonstrated need for cannabis for medical purposes are entitled to a legal source of cannabis (recognized in *Smith and Allard* and in earlier decisions, including *R v Parker* (Ontario Court of Appeal, (2000), 146 C.C.C. (3d) 193)). Sale of cannabis by Licensed Producers to clients, other Licensed Producers or other identified groups in accordance with the ACMPR is exempt from the application of the FDR by the *Cannabis Exemption (Food and Drugs Act) Regulations* (Canada), as amended, issued pursuant to the FDA. The ACMPR includes provisions regulating production, processing, and labelling of cannabis to ensure that quality, safety and predictability of effect are available. The provisions of the ACMPR in this respect are unique to cannabis and distinct from similar provisions applicable to drugs in the FDR.

Access to cannabis includes the option for clients to purchase dried marihuana or cannabis oil from Licensed Producers, which is delivered to the patients in the mail (the ACMPR do not provide for retail sales of cannabis). Access also includes growing by or on behalf of individuals remaining under the MMAR through the Allard injunction. Cultivation for personal use is also permitted under the ACMPR, with Licensed Producers now being permitted by the ACMPR to provide seeds or plants to clients who are approved by Health Canada. The amounts of cannabis, seeds and plants that a client may be provided with per month is determined with reference to a permitted daily amount of cannabis, normalized to the number of grams of dried marihuana per day, specific to the patient.

Recreational use of cannabis is not currently legal in Canada. On June 30, 2016, the federal government of Canada appointed the Task Force. The Task Force has taken consultations, ending August 29, 2016, and published its final report on November 30, 2016 on its recommendations titled: *Toward the Legalization, Regulation and Restriction of Access to Marijuana*, which is available online from Health Canada.

See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

Recent Legislative Changes

Canadians have been able to access dried marihuana for medical purposes since 1999, when the Marihuana Medical Access Program was first established. At that time, individuals were authorized to possess dried marihuana and/or produce a limited number of marihuana plants for medical purposes via the issuance of an exemption under section 56 of the CDSA. In 2001, the MMAR was established to authorize access to marihuana for medical necessity. The MMAR set out a scheme for Canadians to access marihuana for medical purposes, if they had the support of a health care practitioner.

The MMAR evolved over time, mainly in response to a series of court decisions, and at the time of their repeal on March 31, 2014, medically authorized persons had three options for access to marihuana for medical purposes: (i) producing it themselves (personal production); (ii) designating a producer to produce marihuana for them (designated production); or (iii) purchasing it from Health Canada. With exponential increases in program participation and in the number of plants being produced, concerns about this regime were raised by physicians, municipalities, law enforcement, and other stakeholders.

The MMPR was met with various concerns from stakeholders. As such, on June 7, 2013, the MMPR was replaced by the MMAR, which was developed as a comprehensive response to address such concerns. The MMPR created the conditions for a commercial industry that produces and distributes quality-controlled dried marihuana to individuals who have the support of their health care practitioner.

In February 2016, the Federal Court of Canada found the MMPR to be unconstitutional as it did not provide Canadians reasonable access (i.e. affordability and availability) to marihuana for medical purposes. More specifically, the Federal Court of Canada was of the view that the marihuana for medical purposes regime breached section 7 of the Charter by placing limits on access to marihuana for medical purposes (e.g. the elimination of personal production and the restriction to purchasing from Licensed Producers).

The declaration of unconstitutionality was suspended for 6 months from the date of the *Allard* decision until August 24, 2016. The federal government of Canada committed to responding within that timeframe by promulgating regulations that provide reasonable access to cannabis for medical purposes. In addition, in June 2015 the Supreme Court of Canada ruled that restricting medical access to marihuana to its dried form is inconsistent with the Charter in the *Smith* decision.

On August 24, 2016, Health Canada introduced the ACMPR. The ACMPR provide reasonable access by enabling individuals who have the support of their health care practitioner to access cannabis for medical purposes through three access points: (i) commercial licensed producers; (ii) personal production; and (iii) designated production. The ACMPR substantively incorporated the regulatory framework established under the former MMPR for access through the commercial industry and the former personal/designated production regime under the former MMAR. The ACMPR also allows for the production and possession of cannabis in forms other than dried, further to the June 2015 Supreme Court of Canada decision in *Smith*, by incorporating into regulation the relevant section 56 CDSA class exemptions issued in response to the decision.

See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

MMPR Licenses Continued Under the ACMPR

United Greeneries LP's Duncan Facility application to become a Licensed Producer under the MMPR was submitted to Health Canada on July 12, 2013. On June 28, 2016, Health Canada approved United Greeneries LP as an authorized Licensed Producer at the Duncan Facility pursuant to the MMPR. The License limits production to 100 kg of cannabis per annum, as is typically granted by Health Canada to new Licensed Producers and is valid until June 27, 2017.

United Greeneries LP's current License does not permit United Greeneries LP to sell medical cannabis. Health Canada monitors the quality of the cannabis being produced by all Licensed Producers, and in particular those newly Licensed Producers entering the market. When a Licensed Producer is first licensed, they are typically issued a cultivation-only license. This graduated approach is for the purpose of verifying that the cannabis meant for registered clients meets all of the quality standards set out under the ACMPR.

Once a Licensed Producer has finished producing the first crop of cannabis, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. It is only when Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR that Health Canada will allow an existing production license to be amended to permit the sale of cannabis to the public. As of the date of this Filing Statement, while United Greeneries LP has been approved to cultivate cannabis and is working towards obtaining a sales license, United Greeneries LP has not been approved by Health Canada to sell cannabis to the public.

At the date of this Filing Statement, United Greeneries has had discussions with a major Licensed Producer regarding the acquisition of starter materials. United Greeneries estimates the grant of a full distribution license will occur the second quarter of 2017.

United Greeneries LP's Lucky Lake Facility application to become a Licensed Producer under the MMPR was submitted to Health Canada in March 2015. The application is currently in the security stage of the licensing process. For additional information, see "*Risk Factors – Risks Relating to the Medical Cannabis Industry*". If and when licensed, Lucky Lake Facility's cannabis cultivation capacity is estimated to be up to 11,700 kg of cannabis per annum, subject to regulatory approvals, market demand and other variables.

On August 24, 2016, the ACMPR replaced the MMPR, and any applicants that submitted applications to become a Licensed Producer under the MMPR, including United Greeneries LP, have been continued under the ACMPR. Further, all licenses and security clearances granted under the MMPR, including the License issued to United Greeneries LP in relation to the Duncan Facility, have been continued under the ACMPR.

The License in relation to the Duncan Facility allows United Greeneries LP to:

- possess, produce, provide, ship, deliver, transport and destroy dried marihuana;
- possess, produce, and destroy cannabis in its natural form, other than marihuana, for the purpose of producing cannabis oil;
- possess and destroy cannabis, other than marihuana or cannabis oil, for the purpose of conducting in vitro testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil; and
- the License restricts United Greeneries LP to providing, shipping, delivering, and transporting only on behalf of United Greeneries LP.

If and when Health Canada amends the License to permit the sale of cannabis, this would allow United Greeneries LP to sell dried marihuana and to provide the same to:

- a client of United Greeneries LP or an individual who is responsible for the client;
- a hospital employee, if the purpose is in connection with their employment;
- another Licensed Producer;
- a licensed dealer;
- the minister; or
- a person to whom an exemption relating to the substance has been granted under section 56 of the CDSA.

The License allows United Greeneries LP to apply for an import permit to import dried marihuana cannabis, other than marihuana or cannabis oil, for the purpose of conducting in vitro testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil. The License also allows United Greeneries LP to apply for an export permit to export dried marihuana or cannabis other than marihuana or cannabis oil, for the purpose of conducting in vitro testing that is necessary to determine the cannabinoid content of marihuana or cannabis oil. In addition, the License allows United Greeneries LP to ship dried marihuana or cannabis oil to a health care practitioner in the case referred to in subparagraph 130(1)(f)(iii) of the ACMPR.

On November 28, 2016, United Greeneries LP secured an import permit from Health Canada and the Canadian Food Inspection Agency, as it enabled United Greeneries LP to import 1 kg of cannabis seeds. The securing of an import permit positions United Greeneries LP with the capacity to import critical starter material required to cultivate unique cannabis. On December 21, 2016, United Greeneries LP commenced cannabis growing operations at the Duncan Facility using seeds imported from Switzerland.

The ACMPR provides that cannabis in its natural form, other than marihuana or cannabis oil, for the purpose of producing cannabis oil, may be provided, shipped, delivered or transported if it was obtained or produced for that purpose.

The ACMPR provides that cannabis, other than marihuana or cannabis oil, for the purpose of conducting in vitro testing that is necessary to determine

the cannabinoid content of marihuana or cannabis oil may be provided, shipped, delivered, transported cannabis if it was obtained or produced for that purpose.

Bill C-45

On April 13, 2017, the Canadian government introduced Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* ("**Bill C-45**"). The purpose of Bill C-45 is to provide legal access to cannabis and to control and regulate its production, distribution and sale. The passage of Bill C-45 would allow adults to legally possess and use cannabis for recreational purposes.

Currently, it is illegal to buy, sell, produce, import or export cannabis unless it is authorized under the CDSA and its regulations, such as the ACMPR. The current program for access to cannabis for medical purposes would continue following the passage of Bill C-45. Cannabis will remain illegal as Bill C-45 moves through the legislative process. There can be no assurance that Bill C-45 will be passed into law, or passed into law substantially in the form in which it was introduced.

See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

Market

The Canadian medical cannabis industry was created approximately 3.5 years ago with the introduction of the MMPR in June 2013. As at April 19, 2017, according to the most recent publically available information from Health Canada, there were a total of 43 Licensed Producers, 10 of which were publicly traded. The vast majority of Licensed Producers have business models that were designed to supply a reasonable portion of Canada's estimated future medical marihuana market.

On its website, Health Canada indicates that as of September 30, 2016, there were 98,460 individuals licensed, under the ACMPR, to possess and consume dried cannabis for medicinal purposes in Canada. It further noted that those individuals purchased 4,773 kg of dried marihuana and 2,420 kg of cannabis oil during the period of July 1, 2016 to September 30, 2016. In the Regulatory Impact Analysis Statement commissioned in connection with the development of the MMPR, Health Canada's analysis used an upper bound (or ceiling) of 450,000 Canadians who might become participants in Canada's Marihuana Medical Access Program by 2024 as the reference case.

According to the Health Canada website, the average size of dosage per prescription for licenses granted to individual users during the period of July 1, 2016 to September 30, 2016 was 2.6 grams of dried marihuana per day and that the average shipment per customer per day is 0.89 grams.

Trends

Legalization and Regulation of Non-Medical Use of Cannabis in Canada

The federal government of Canada is moving forward on its plan to legalize and regulate cannabis for recreational use. Key indications / milestones of progress on legalization include the following:

- In its December 2015 Speech From the Throne, the Liberal Government of Canada reaffirmed its intent to "legalize, regulate, and restrict access to marihuana".

- On April 20, 2016, the Canadian federal government announced its intention to introduce, by the spring of 2017, legislation to legalize the recreational use of marihuana in Canada.

- On June 30, 2016, Health Canada announced the creation of a Task Force on marihuana legalization and regulation. The Task Force consists of high-level experts in the fields of law enforcement, medicine, policy creation and health care administration. The Task Force's objectives are to consult with governments, industry, the public and all other relevant stakeholders in order to provide advice on the design of a new legislative and regulatory framework to the ministers.

- On August 24, 2016 the MMPR was repealed and the ACMPR came into force. Health Canada stated in the August 2016 publication titled *Understanding the New Access to Cannabis for Medical Purposes Regulations* that. The ACMPR is designed to provide an immediate solution required to address the Federal Court of Canada's judgement. Moving forward, Health Canada will evaluate how a system of medical access to cannabis should function alongside the Government's commitment to legalize, strictly regulate and restrict access to marihuana.

- On November 30, 2016, the Task Force published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In the final report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates) at the federal level, drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of four plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities.

- On April 13, 2017, the Canadian government introduced Bill C-45. The purpose of Bill C-45 is to provide legal access to cannabis and to control and regulate its production, distribution and sale. The passage of Bill C-45 would allow adults to legally possess and use cannabis for recreational purposes. Currently, it is illegal to buy, sell, produce, import or export cannabis unless it is authorized under the CDSA and its regulations, such as the ACMPR. The current program for access to cannabis for medical purposes would continue following the passage of Bill C-45. Cannabis will remain illegal as Bill C-45 moves through the legislative process. There can be no assurance that Bill C-45 will be passed into law, or passed into law substantially in the form in which it was introduced.

Marketing Plans and Strategies

Satipharm Marketing

Satipharm currently markets the CBD Gelpell® Microgel Capsules in Germany, Poland and the UK in accordance with European Union regulations.

Satipharm is currently preparing a significant marketing campaign to drive sales of 10 mg and 50 mg Satipharm Gelpell® Microgel CBD Capsules focusing first on Germany and Poland followed by entry into 10 additional European Union countries by the end of 2017. This marketing campaign will consist of the following elements:

- support existing retailers in Germany with digital marketing campaigns, leveraging their existing infrastructure such as customers data bases, and digital advertising;
- geographical expansion into Ireland, Denmark, and Benelux with a direct-to-retail sales model; and,
- generate scientific evidence, via targeted pilot studies with small studies in German universities, to verify direct health claims on the packaging and in product advertising to drive sales.

The current budget allocated to this campaign is €200,000.

Satipharm prices its products at market prices.

Satipharm plans to introduce Gelpell® Microgel products into the Canadian and Australian markets and is in the process of applying for the requisite regulatory approvals to achieve this. Satipharm also plans to license or introduce products into regulated cannabis markets internationally. No assurance can be made that such applications will be successful.

Satipharm will continue to evaluate opportunities to expand the use of CBD Gelpell® Microgel Capsules in other regulated markets, in compliance with applicable law and upon receipt of requisite government approvals, licenses, and/or permits.

Competitive Conditions

United Greeneries

In the near term, United Greeneries expects to compete with other Licensed Producers in Canada and similar companies abroad. According to the most recent publically available information from Health Canada, there are currently 43 Licensed Producers cultivating and selling medical cannabis in Canada, 10 of which were publicly traded. Furthermore, 27 Licensed Producers (excluding United Greeneries) are licensed to both cultivate and sell finished product to registered patients. Another 12 are licensed only for cultivation of medical cannabis, and 2 are licensed only for sale of finished products to registered patients. In addition, according to Health Canada, as of August 1, 2016, there are 419 license applications awaiting review by Health Canada and approximately 20 new applications are being submitted to Health Canada each month. A full list of Licensed Producers can be found on Health Canada's website at www.hc-sc.gc.ca.

United Greeneries LP securing a License for its Duncan Facility has been identified by the board of directors of United Greeneries as one of United Greeneries' key strategic advantages to establishing a robust foothold in the medical and potential recreational cannabis market in Canada. United Greeneries also believes it has a significant first-mover advantages as an early stage supplier in the cannabis market. One of the prime examples of its first-mover advantage is evidenced by that fact that on November 28, 2016, United Greeneries LP received an import permit from Health Canada and the Canadian Food Inspection Agency, allowing for the import of 1 kg of cannabis seeds. The securing of an import permit positions United Greeneries LP with the capacity to import critical starter material required to cultivate unique cannabis. On December 21, 2016, United Greeneries LP commenced cannabis growing operations at the Duncan Facility using seeds imported from Switzerland.

Satipharm

Satipharm's worldwide exclusive rights to the Gelpell® Microgel process for all cannabis applications is one of its chief competitive advantages. Satipharm's unique Gelpell® Microgel CBD Capsules provide many competitive advantages including: high oral bioavailability; high stability; easy-to-dose and swallow capsules; in an additive and preservative free formulation.

Future Developments

United Greeneries

Looking ahead, management of United Greeneries anticipates that the Duncan Facility will be issued a full ACMPR sales license in the second quarter of 2017. United Greeneries has developed a further greenhouse expansion plan which contemplates 3 phases of expansion for the full 40 acre land package that, if implemented, would result in Duncan Facility's production capacity growing from approximately 1,000 kg of cannabis per annum to an estimated 51,000 kg of cannabis per annum by the fiscal year ending June 30, 2020.

The estimated cost of the greenhouse expansion plan is $9,000,000. See "*Part III. – Estimated Available Funds and Principal Uses – Intended Use of Funds*". The implementation of the expansion of the Duncan Facility is subject to a number of uncertainties, including regulatory approval, market demand and other variables. There can be no assurance that the Duncan Facility expansion will be completed, or completed substantially in the manner disclosed herein.

The issuance of a full ACMPR sales license is subject to a number of conditions and approvals. There can be no assurance that such a license will be issued.

See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

Satipharm

With respect to future developments, Satipharm's key focus is to leverage a number of strong existing relationships within key regulated markets throughout Europe. In addition, Satipharm plans on entering the Australian market using its key relationships outside of Europe, which include agreements with two organizations. In order to drive its future developments, Satipharm will draw on the expertise of Stanislav Sologubov, a highly experienced pharmaceutical sales and marketing executive who was appointed as CEO of Satipharm in June 2016.

Satipharm is currently preparing a significant marketing campaign to drive sales of 10 mg and 50 mg Satipharm Gelpell® Microgel CBD Capsules focusing first on Germany and Poland followed by entry into 10 additional European Union countries by the end of 2017. This marketing campaign will consist of the following elements:

- support existing retailers in Germany with digital marketing campaigns, leveraging their existing infrastructure such as customers data bases, and digital advertising;
- geographical expansion into Ireland, Denmark, and Benelux with a direct-to-retail sales model; and,
- generate scientific evidence, via targeted pilot studies with small studies in German universities, to verify direct health claims on the packaging and in product advertising to drive sales.

The current budget allocated to this campaign is €200,000.

Additionally, following the requisite approvals from the Swiss regulatory authority, Satipharm and GelPell expect to continue to collaborate on new products and formulations for use as food supplements and medicinal cannabis products.

Entry into new markets and the development of new products are subject to a number of uncertainties, including regulatory approval, market demand and other variables. There can be no assurance that entry into new markets will be completed, or completed in the manner contemplated herein. See "*Risk Factors – Risks Relating to the Medical Cannabis Industry*".

See also "*Part II. Information Concerning United Greeneries and Satipharm – Narrative Description of the Business – Marketing Plans and Strategies*".

Proprietary Protection

United Greeneries and Satipharm have developed proprietary technologies and processes around the world, including in the Europe, Australia, Canada and the United States. That said, the below disclosure only discusses those proprietary technologies and processes that have been developed in Canada. In other cases, United Greeneries and Satipharm rely on confidentiality to protect its proprietary technologies and processes. The nature of United Greeneries and Satipharm's facilities contributes to maintaining confidentiality.

United Greeneries and Satipharm have invested considerable efforts into presenting branding consistent with the pharmaceutical industry and the medical profession. To protect this branding, 8 trademarks have been registered in Canada, including the "United Greeneries" name and the "Satipharm" name.

On March 2, 2016, Satipharm entered into a binding term sheet with GelPell whereby Satipharm licensed from GelPell the exclusive worldwide and non-transferable right for the delivery of CBD and THC and/or other cannabis and hemp derived ingredients using the Gelpell® formulation and manufacturing know-how that is owned by GelPell. This licence entitles Satipharm to make, have made, improve, develop, promote new products, use, sell, have sold, import, export, or practice the licensed technology for the treatment or prevention of any medical condition or disease in humans and animals, and for food and dietary supplements.

Satipharm is committed to protecting its intellectual property and continually evaluates opportunities to acquire intellectual property rights to advance its business. Satipharm continues to engage in discussions with its partners regarding the use and assignment of certain intellectual property rights. No assurance can be made that such discussions will result in the acquisition by Satipharm of any intellectual property rights. While Satipharm is engaged in discussions with respect to the acquisition of certain intellectual property rights with its business partners, it has yet to secure those rights, and may be unable to do so, or secure them on commercially acceptable terms.

Patents

United Greeneries and Satipharm do not currently own any pending patent applications and issued patents for technologies in Canada as of the date of this Filing Statement.

Trademarks

United Greeneries has protected its respective branding with the registered Canadian trademarks set out below, as of the date of this Filing Statement. Registered trademarks are effective for 15 years from the date of registration.

Trademark	Description
GREENCARD	Registered as Trademark no. 1689556 on August 1, 2014 in association with " Cannabis; medical marihuana; plant seeds; cards, namely membership and medical identification cards; cards for customer loyalty, reward, bonus point, and discount programs".
MMJ & DESIGN	Registered as Trademark no. 1698637 on October 17, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".
MMJ DESIGN	Registered as Trademark no. 1698638 on October 17, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".
MMJ DESIGN UNITED GREENERIES	Registered as Trademark no. 1690170 on August 12, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical

Trademark	Description
	marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".
UNITED GREENERIES & DESIGN	Registered as Trademark no. 1701235 on October 17, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".
UNITED GREENERIES DESIGN	Registered as Trademark no. 1701235 on October 17, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".

Satipharm has protected its respective branding with the following registered Canadian trademarks as of the date of this Filing Statement:

Trademark	Description
SATIPHARM	Registered as Trademark no. 1693789 on October 17, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".
SATIVOL	Registered as Trademark no. 1699257 on October 22, 2014 in association with " GOODS: cannabis; medical marihuana; plant seeds; cards, namely membership and identification cards; cards for use in connection with customer loyalty, reward, bonus point, and discount programs; pharmaceuticals; nutraceuticals; consumer products; etc." and "SERVICES: research services in the field of cannabis and medical marihuana; product development services in the field of cannabis and medical marihuana; operation of a dispensary; online operation of a dispensary; operation of a store; operation of a computer database in the field of medical marihuana; operation of a website that provides online social networking; etc.".

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Information

Selected Financial Information

The following table sets forth selected consolidated financial information for United Greeneries and Satipharm for which financial statements are included in this Filing Statement.

The following financial information should be read in conjunction the audited combined financial statements of United Greeneries and Satipharm for the year ended June 30, 2016, the audited financial statements for MMJ Bioscience Inc. for the year ended December 31, 2014, the unaudited financial statements for MMJ Bioscience Inc. for the periods ended June 30, 2015 and December 31, 2014, and the unaudited interim financial statements of United Greeneries and Satipharm for the three and six months ended December 31, 2016, which are together attached hereto as "*Appendix C – Financial Statements of United Greeneries and Satipharm*".

Selected Financial Information	Three Months Ended December 31, 2016 (unaudited) ($)	Three Months Ended December 31, 2015 (unaudited) ($)	Year Ended June 30, 2016 (audited) ($)	Year Ended December 31, 2014 (audited) ($)[1]
Total revenues	-	243,852	246,699	31,996
Income from Continuing Operations	N/A	243,852	246,699	31,996
Interest income	2,042	808	5,814	N/A
Total expenses	(523,620)	(479,828)	(3,326,058)	(1,681,118)
Net income (loss) and comprehensive income (loss)	(495,499)[2]	(554,138)[3]	(3,383,382)[4]	(1,649,122)
Net income (loss) per share	N/A	N/A	N/A	(0.03)
Total Assets	8,010,008	7,771,394[5]	7,771,394	2,762,642
Total long-term financial liabilities	(336,473)	(383,848)[5]	(383,848)	(487,164)
Cash dividends	N/A	N/A	N/A	N/A

Notes:

(1) Financial information provided for MMJ Bioscience Inc., a predecessor entity to United Greeneries.

(2) Includes $26,079 in foreign currency translation which may be reclassified subsequently to loss.

(3) Includes $20,562 in foreign currency translation which may be reclassified subsequently to loss.

(4) Includes $9,990 in foreign currency translation which may be reclassified subsequently to loss.

(5) As at June 30, 2016. See the unaudited interim financial statements for the three and six months ended December 31, 2016, which are together attached hereto as "*Appendix C – Financial Statements of United Greeneries and Satipharm*".

<u>Management's Discussion and Analysis</u>

The following financial information should be read in conjunction with the MD&A accompanying the audited combined financial statements of United Greeneries and Satipharm for the year ended June 30, 2016, and the MD&A accompanying the unaudited combined interim financial statements for the three months and six months ended December 31, 2016, which are together attached hereto as "*Appendix C – Financial Statements of United Greeneries and Satipharm*".

DESCRIPTION OF SECURITIES

United Greeneries Shares

The authorized capital of United Greeneries consists of unlimited United Greeneries Shares, of which at the date of this Filing Statement, 51,000,000 United Greeneries Shares are issued and outstanding as fully paid and non-assessable.

The holders of United Greeneries Shares are entitled: to dividends, if and as when, declared by the board of directors of United Greeneries; and to one vote per United Greeneries Share at meetings of the shareholders of United Greeneries and, upon liquidation, to share equally in such assets of United Greeneries as are distributable to the holders of United Greeneries Shares.

Satipharm Shares

The authorized share capital of Satipharm consists of 10,000 Satipharm Shares with a nominal value of CHF 10 per Satipharm Share. As at the date of this Filing Statement, 10,000 Satipharm Share is issued and outstanding as fully paid and non-assessable.

The holders of Satipharm Shares are entitled to customary shareholder rights provided under the *Swiss Code of Obligations* (Switzerland).

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of United Greeneries before giving effect to the Transaction:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of the Date of the Most Recent Balance Sheet Contained in the Filing Statement being September 30, 2016	Amount Outstanding as of a Date within 30 Days of the Filing Statement prior to giving effect to the Transaction being April 1, 2017
United Greeneries Shares	Unlimited	51,000,000	51,000,000

The following table sets forth the capitalization of Satipharm before giving effect to the Transaction:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of the Date of the Most Recent Balance Sheet Contained in the Filing Statement being September 30, 2016	Amount Outstanding as of a Date within 30 Days of the Filing Statement prior to giving effect to the Transaction being April 1, 2017
Satipharm Shares	10,000	10,000	10,000

The combined deficit of United Greeneries and Satipharm as at December 31, 2016 was $7,824,507.

As at the date hereof, the Target Debt remains outstanding. Pursuant to the Share Exchange Agreement, on Closing, Harvest will be acquiring the Target Debt in exchange for the MMJ Share Consideration. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

PRIOR SALES

There have been no sales of securities of United Greeneries or Satipharm in the 12 months preceding the date of this Filing Statement.

STOCK EXCHANGE PRICE

Neither the United Greeneries Shares nor the Satipharm Shares are listed or traded on any exchange or quotation service. That said, MMJ, the sole indirect parent of United Greeneries and Satipharm is listed on the ASX under the symbol "MMJ". The following table sets out the high and low trading prices and aggregate volume of trading of the ordinary shares of MMJ on a monthly basis for each month, or part month, where applicable, of the current quarter and the immediately preceding quarter and on a quarterly basis for the preceding seven quarters:

Period	High (A$)	Low (A$)	Volume
2015			
Quarter ended June 30, 2015	0.380	0.265	18,635,363
Quarter ended September 30, 2015	0.600	0.275	50,756,114
Quarter ended December 31, 2015	0.415	0.220	45,391,550
2016			
Quarter ended March 31, 2016	0.360	0.230	38,669,650

Period	High (A$)	Low (A$)	Volume
Quarter ended June 30, 2016	0.300	0.180	42,123,315
Quarter ended September 30, 2016	0.310	0.225	41,576,333
Quarter ended December 31, 2016	0.255	0.185	33,890,622
2017			
January 1, 2017 – January 31, 2017	0.270	0.175	35,583,414
February 1, 2017 – February 28, 2017	0.365	0.25	49,498,413
March 1, 2017 – March 31, 2017	0.830	0.265	207,133,629
April 1, 2017 – April 19, 2017	0.77	0.585	46,734,798

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

United Greeneries and Satipharm retain their executives through agreements to which MMJ, their parent corporation, is a party. As such, MMJ assumes the obligations under these agreements with respect to compensation. Except as disclosed below, Satipharm and United Greeneries do not directly compensate their executives for their services, as such obligations remain with MMJ.

Compensation Governance

United Greeneries

United Greeneries has not established a compensation committee that makes decision on the suitability of the company's compensation policies and practices. United Greeneries' board of directors determine and administer executive compensation based on recommendations by management. United Greeneries has not retained a compensation consultant or advisor at any time since its most recently completed financial year to assist its board of directors in determining compensation for any of the company's directors or executive officers.

Satipharm

Satipharm has not established a compensation committee that makes decision on the suitability of the company's compensation policies and practices. There is no separate compensation governance program in place for Satipharm, as the board of directors of MMJ, the parent of Satipharm, determines and administers executive compensation based on recommendations by MMJ management. Satipharm has not retained a compensation consultant or advisor at any time since its most recently completed financial year to assist the MMJ Board in determining compensation for any of the company's directors or executive officers.

Summary Compensation Table

United Greeneries

The following table contains information about the compensation for Andreas Gedeon, CEO and Director of United Greeneries and Devon Brown, the former CFO of United Greeneries, the Named Executive Officers of United Greeneries relating to the most recently completed financial year ended June 30, 2016 and the three month periods ended September 30, 2016:

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Andreas Gedeon(1) CEO and Director	2016(1)(2)	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2015(2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Devon Brown(3) Former CFO	2016(2)(3)	70,862	Nil	Nil	Nil	Nil	Nil	Nil	70,862
	2015(2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Andreas Gedeon was appointed as CEO of United Greeneries on July 31, 2015. Mr. Gedeon is also Managing Director of MMJ, and as such, receives compensation directly from MMJ. Mr. Gedeon does not receive any compensation for his role as CEO or director of United Greeneries.
(2) United Greeneries (formerly MMJ Bioscience Inc. (BC1044683)) came into existence on July 31, 2015, by way of an amalgamation between 1032831 BC Ltd. (BC1032831) and MMJ Bioscience Ltd. (BC0993871).
(3) Devon Brown was appointed as CFO of United Greeneries on August 1, 2015 and ceased to be CFO of United Greeneries on March 23, 2016.

Satipharm

The following table contains information about the compensation for the Stanislav Sologubov, CEO of Satipharm, who is the Named Executive Officer for Satipharm's most recently completed financial year ended June 30, 2016 and the three month period ended September 30, 2016:

Name and Principal Position	Year	Salary	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Stanislav Sologubov (1) CEO	2016(1)	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2015(2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Stanislav Sologubov was appointed as CEO of Satipharm on June 6, 2016.
(2) Satipharm came into existence on August 11, 2015.

Outstanding Option-Based and Share-Based Awards

United Greeneries

United Greeneries does not award option-based or share-based awards as part of its executive compensation program. United Greeneries does offer share-based awards to certain employees at its Duncan Facility, but such share-based awards are payable in shares of MMJ and are not available to directors or officers of United Greeneries.

Satipharm

Satipharm does not award option-based or share-based awards as part of its executive compensation program.

Incentive Plan Awards

United Greeneries

United Greeneries does not have an incentive plan as part of its executive compensation program.

Satipharm

Satipharm does not have an incentive plan as part of its executive compensation program.

Termination and Change of Control Benefits

United Greeneries

There are no contracts, agreements, plans or arrangements that provide for payments to the Named Executive Officers by United Greeneries at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of United Greeneries or a change in a Named Executive Officer's responsibilities (excluding perquisites and other personal benefits if the aggregate of this compensation is less than $50,000). Following completion of the Transaction, the agreements under which the executives of United Greeneries provide services do not have any surviving obligations on the part of United Greeneries. Any termination or change of control obligations that survive the Transaction will be retained by MMJ, a party to each of the agreements under which the executives provide services to United Greeneries. As such, United Greeneries will not retain any liability with respect to termination or change of control.

Satipharm

Except as set out below, there are no contracts, agreements, plans or arrangements that provide for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Satipharm or a change in a Named Executive Officer's responsibilities (excluding perquisites and other personal benefits if the aggregate of this compensation is less than $50,000):

Stanislav Sologubov entered into a consultancy services agreement on June 6, 2016 with MMJ and Satipharm. Mr. Sologubov's consultancy agreement includes standard non-competition, non-solicitation and confidentiality clauses and an initial annual salary of €140,000, and an increase to an annual salary of €180,000 per annum on Satipharm generating gross revenues from sales of €1,000,000. MMJ may at any time during the term of Mr. Sologubov's employment agreement, terminate Mr. Sologubov's employment, if he is convicted of any major criminal offence, commits any serious or persistent breach of the consultancy agreement, demonstrates incompetence with regards to the performance of his duties, is neglectful in his duties, does not perform his duties, is guilty of any grave misconduct or willful neglect, or is of unsound mind. Upon termination, Satipharm is not obligated to pay any fee other than the fee accrued to the date of termination.

DIRECTOR COMPENSATION

United Greeneries

The board of United Greeneries consists of Peter Wall and Andres Gedeon. Messrs. Gedeon and Wall do not receive any compensation for serving in such capacity.

Satipharm

The board of Satipharm consists of Peter Wall and Andreas Gedeon. Messrs. Gedeon and Wall do not receive any compensation for serving in such capacity.

Outstanding Option-Based and Share-Based Awards

United Greeneries

United Greeneries does not award option-based or share-based awards as part of its director compensation program.

Satipharm

Satipharm does not award option-based or share-based awards as part of its director compensation program.

Incentive Plan Awards

United Greeneries

United Greeneries does not have an incentive plan as part of its director compensation program.

Satipharm

Satipharm does not have an incentive plan as part of its director compensation program.

NON-ARM'S LENGTH PARTY TRANSACTIONS

Except as disclosed herein, United Greeneries and Satipharm have not entered into any transaction with any Non-Arm's Length Party within the 5 years before the date of this Filing Statement.

LEGAL PROCEEDINGS

There are no legal proceedings material to MMJ, Phyto UK, United Greeneries, Satipharm or any of its subsidiaries to which MMJ, Phyto UK, United Greeneries, Satipharm or any of its subsidiaries are party to or of which any of their respective property is the subject matter, and there are no such proceedings known to MMJ, Phyto UK, United Greeneries or Satipharm to be contemplated

MATERIAL CONTRACTS

Except for the contracts made in the ordinary course of business, the following are the only material contracts entered into by United Greeneries and Satipharm, as of the date of this Filing Statement, which are in effect and considered to be material:

(a) Share Exchange Agreement dated December 7, 2016 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(b) Amendment to Share Exchange Agreement dated February 1, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(c) Amendment to Share Exchange Agreement dated March 28, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(d) Amendment to Share Exchange Agreement dated March 31, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(e) Amendment to Share Exchange Agreement dated April 10, 2017 among MMJ, Phyto UK, United Greeneries, Satipharm and Harvest. See "*Part I. Information Concerning Harvest – The Transaction – Share Exchange Agreement*".

(f) Agency Agreement dated February 22, 2017 among MMJ, Harvest and the Agents. See "*Part I. Information Concerning Harvest – Private Placement*".

(g) Subscription Receipt Agreement dated February 22, 2017 among MMJ, Harvest, Computershare Trust Company of Canada, and the Lead Agent. "*Part I. Information Concerning Harvest – Private Placement*".

(h) Lease Agreement dated January 1, 2014 between Elk Valley Properties Ltd., 0966792 B.C. Ltd., Andreas Gedeon, and Leslie Michael Hinam relating to the Duncan Facility. See "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – United Greeneries – Events Subsequent to 2016*".

(i) Letter Agreement dated July 7, 2016 between United Greeneries and Cowichan Tribes. See "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – United Greeneries – Events Subsequent to 2016*".

(j) Lease Agreement dated March 8, 2017 among United Greeneries Operations Ltd. and 626875 B.C. Ltd. See "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business – History – United Greeneries – Events Subsequent to 2016*".

Copies of the material contracts described above will be available for inspection at the head office of MMJ during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

PART III: INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

Name and Incorporation

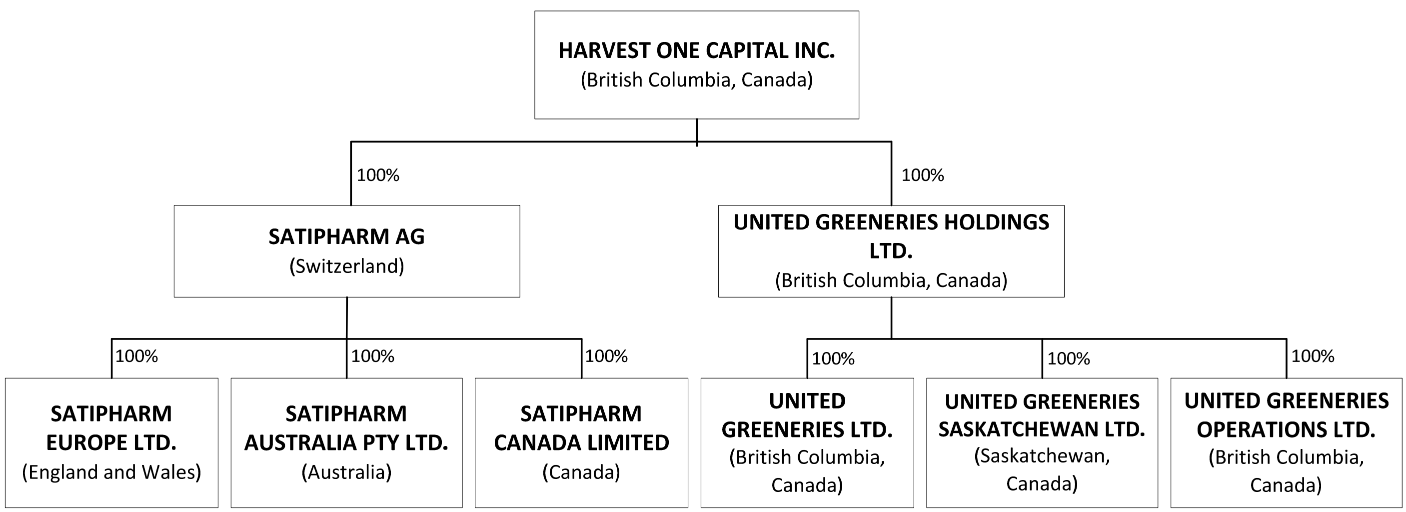
Following completion of the Transaction, the name of the Resulting Issuer will use the name "Harvest One Capital Inc." or such other name as the board of directors of the Resulting Issuer and the Exchange deem appropriate. It is anticipated that the Resulting Issuer will change its name from "Harvest One Capital Inc." to "Harvest One Cannabis Inc.".

The Resulting Issuer will continue to be incorporated pursuant to the provisions of the BCBCA. Upon completion of the Transaction, the head and registered office of the Resulting Issuer will be located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 5Z4.

Intercorporate Relationships

Upon completion of the Transaction, the Resulting Issuer will own directly two wholly-owned subsidiaries, United Greeneries, a corporation incorporated under the laws of British Columbia and Satipharm, a corporation incorporated under the laws of Switzerland.

The material subsidiaries controlled by the Resulting Issuer, the place of incorporation or continuance of those subsidiaries and the percentage of voting securities held, directly or indirectly, by the Resulting Issuer, as applicable, are as follows:



NARRATIVE DESCRIPTION OF THE BUSINESS

The following disclosure contains forward-looking statements, including with respect to the Resulting Issuer's business objectives and milestones. Such statements involve known and unknown risks, uncertainties and other factors outside of management's control, including the risk factors set forth elsewhere in this Filing Statement, that could cause results to differ materially from those described or anticipated in such forward-looking statements. See "*Cautionary Statements Regarding Forward-Looking Information*" and "*Risk Factors*".

Business Objectives and Milestones

Upon completion of the Transaction, the Resulting Issuer's business and stated business objectives will be the business and stated business objectives of United Greeneries and Satipharm (indirectly through the operation of each of United

Greeneries and Satipharm). The Resulting Issuer will be listed as a Tier 1 Industrial or Life Sciences Issuer on the Exchange. See "*Part II. Information Concerning United Greeneries and Satipharm – General Development of the Business*".

United Greeneries

The business objectives of the Resulting Issuer with respect to United Greeneries for the 18-month period following the completion of the Transaction are as follows:

(a) obtaining a sales license for the Duncan Facility (expected in the second quarter of 2017);

(b) purchase and phase 1 expansion of the Duncan Facility (expected to be completed in 2017 at an aggregate cost of $12,200,00, consisting of $3,200,000 for the purchase of the Duncan Facility and $9,000,000 for the expansion); and

(c) continuing to pursue the application process with a view toward obtaining a license to produce and sell medical cannabis under the ACMPR for the Lucky Lake Facility (the regulatory process is expected to continue through 2017).

See "*Part III. Information Concerning the Resulting Issuer – Estimated Available Funds and Principal Uses*".

Satipharm

The business objectives of the Resulting Issuer with respect to Satipharm in the 18-month period following the completion of the Transaction is to develop additional CBD capsule formulations containing THC, and exporting its Gelpell ® Microgel CBD Capsules to Canada and Australia, subject to applicable regulatory approvals, market demand, and other variables.

Satipharm is currently preparing a significant marketing campaign to drive sales of 10 mg and 50 mg Satipharm Gelpell® Microgel CBD Capsules focusing first on Germany and Poland followed by entry into 10 additional European Union countries by the end of 2017. This marketing campaign will consist of the following elements:

- support existing retailers in Germany with digital marketing campaigns, leveraging their existing infrastructure such as customers data bases, and digital advertising;
- geographical expansion into Ireland, Denmark, and Benelux with a direct-to-retail sales model; and,
- generate scientific evidence, via targeted pilot studies with small studies in German universities, to verify direct health claims on the packaging and in product advertising to drive sales.

The current budget allocated to this campaign is €200,000.

See "*Part III. Information Concerning the Resulting Issuer – Estimated Available Funds and Principal Uses*".

DESCRIPTION OF SECURITIES

Resulting Issuer Common Shares

The description of the Resulting Issuer's Common Shares are the same as the description for Harvest Common Shares under the heading "*Part I. Information Concerning Harvest – Description of the Securities – Harvest Common Shares*".

Resulting Issuer Preferred Shares

The description of the Resulting Issuer's preferred shares (the "**Resulting Issuer Preferred Shares**") are the same as the description for Harvest Preferred Shares under the heading "*Part I. Information Concerning Harvest – Description of the Securities – Harvest Preferred Shares*".

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Resulting Issuer after giving effect to the transactions described in the *pro forma* financial statement attached hereto as "*Appendix E – Pro Forma Financial Statements of Resulting Issuer*".

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding After Giving Effect to the Transaction
Resulting Issuer Common Shares	Unlimited	88,953,992[1]
Agents' Options	2,000,040	2,000,040
Warrants	16,667,000	16,667,000
Stock options	10% of the issued and outstanding common shares	223,464
Long term-debt	N/A	$336,473

Notes:

(1) As described in the *pro forma* financial statement attached hereto as "*Appendix E – Pro Forma Financial Statements of Resulting Issuer*", it is expected that the Resulting Issuer will have an accumulated deficit in the amount of $11,217,038, and net equity in the amount of $26,997,637.

PRO FORMA FULLY DILUTED SHARE CAPITAL

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction.

	Number and Percentage of Resulting Issuer Securities
Resulting Issuer Common Shares	88,953,992 (75.6%)
Reserved for issuance pursuant to Warrants issued in Private Placement	16,667,000 (14.2%)
Reserved for issuance pursuant to the Agents' Options	3,000,060 (2.6%)[1]
Reserved for issuance pursuant to stock options of the Resulting Issuer after completion of the Transaction[2].	8,895,399 (7.6%)
Total number of diluted securities	**117,516,451 (100%)**

Notes:

(1) Represents 3,00,060 Resulting Issuer Common Shares issuable pursuant to 2,000,040 Agents' Options.

(2) The stock option plan of the Resulting Issuer will allow the Resulting Issuer to grant stock options up to an amount not exceeding 10% of the issued and outstanding Resulting Issuer Common Shares, at Closing, which is estimated to be 88,953,992. See also "*Options to Purchase Securities*" in this Part III for information with respect to the proposed stock option plan of the Resulting Issuer.

ESTIMATED AVAILABLE FUNDS AND PRINCIPAL USES

Estimated Funds Available

The *pro forma* working capital of the Resulting Issuer assuming the Transaction closed February 28, 2017 and given the completion of the Private Placement is $24,643,428.

The table below shows the breakdown of the estimated funds available:

Estimated Funds Available	**Amount ($)**
Pro forma consolidated working capital	24,643,428[(1)]
Estimated fees and expenses of the Transaction	2,320,030 [(2)]
Total estimated funds available	22,323,398

Notes:

(1) Consolidated *pro forma* working capital includes the proceeds from the completion of the Private Placement of 33,334,000 Harvest Subscription Receipts in the gross aggregate amount of $25,000,500, with net proceeds, following the deduction of the Agents' fees and expenses and the Agents' Cash Commission, expected to be $22,645,455. See also "*Appendix E – Pro Forma Financial Statements of the Resulting Issuer*".

(2) Estimated fees and expenses of the Transaction are made up of financing fees in the amount of $1,600,030 incurred in connection with the Private Placement and estimated transaction costs of $720,000.

Dividends

There will be no restrictions in the Resulting Issuer's articles and bylaws or elsewhere which could prevent the Resulting Issuer from paying dividends subsequent to the completion of the Transaction. It is not contemplated that any dividends will be paid on any shares of the Resulting Issuer in the immediate future following completion of the Transaction; however, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Common Shares will be entitled to an equal share in any dividends declared and paid.

Intended Use of Funds

Based on the information available as at the date of this Filing Statement, assuming the completion of the Transaction and given the completion of the Private Placement, the Resulting Issuer is expected to have approximately $22,323,398 in working capital as at February 28, 2017.

The following table sets out information respecting the Resulting Issuer's intended uses of funds available to it over the next 18 months. The amounts shown in the table below are estimates only and are based on the information available to the Corporation, Satipharm and United Greeneries as at the date of this Filing Statement.

Intended Use of Funds	**Amount ($)**
Total estimated funds available	**22,323,398**
Partial consideration under the Transaction	$2,000,000
Purchase of Duncan Facility	$3,200,000
Phase 1 expansion of the Duncan Facility	$9,000,000
General and Administrative Costs	$4,860,000[(1)]
Reimbursed expenses per Share Exchange Agreement	$1,900,000
Production Equipment	$950,000
Unallocated funds	$413,398

Notes:

(1) This estimate of G&A is derived from historical G&A costs, combined with additional costs associated with the public listing.

Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. The Resulting Issuer may also require additional funds in order to fulfill all of its expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional shares or incur debt. There is no assurance that any additional funding required by the Resulting Issuer will be available if required.

See "*Part III. Information Concerning the Resulting Issuer – Narrative Description of the Business – Business Objectives and Milestones*".

Principal Securityholders

The following table sets forth the shareholdings of the Persons who are expected to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Resulting Issuer Common Shares after giving effect to the Transaction.

Name and Municipality of Residence	Number of Securities Beneficially Owned and of Record	% of Holdings(1)
Phyto UK(2) .... **(England and Wales)**	41,574,662 Resulting Issuer Common Shares	46.7%(3)
MMJ .... **(Australia)**	11,758,671 Resulting Issuer Common Shares	13.2%(3)

Notes:

(1) Based on 88,953,992 Resulting Issuer Common Shares issued and outstanding upon the completion of the Transaction.

(2) Phyto UK is a wholly-owned subsidiary of MMJ.

(3) On a fully-diluted basis, assuming 117,516,451 Resulting Issuer Common Shares outstanding, Phyto UK will hold approximately 35.3% of the Resulting Issuer Common Shares, and MMJ will hold approximately 10% of the Resulting Issuer Common Shares. See "*Part III. Information Concerning the Resulting Issuer – Pro Forma Fully Diluted Share Capital*".

See "*Risk Factors – Risks Relating to the Resulting Issuer – Principal Shareholder*".

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation and Security Holdings

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipality and province of residence, their position with the Resulting Issuer (and, where applicable, their current position with Harvest, United Greeneries and Satipharm), their principal occupation during the past 5 years, and the number and percentage of Resulting Issuer Common Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's directors and officers following completion of the Transaction:

Name, Municipality of Residence and Proposed Position with the Resulting Issuer(4)	Position and Period with Harvest or MMJ	Principal Occupation During Last 5 Years	Anticipated Number and Percentage of Resulting Issuer Common Shares Owned or Controlled on Completion of the Transaction(2)(3)
Andreas Gedeon Proposed CEO and Director (Vancouver, British Columbia, Canada)	CEO of United Greeneries from July 31, 2015 to Present; and Managing Director of MMJ from July 27, 2015 to Present	Self-employed from 2006 to 2013; and CEO of Duncan Bioscience Inc. from 2013 to 2014	Nil.

Kwong Choo Proposed CFO and Corporate Secretary (Vancouver, British Columbia, Canada)	N/A	CFO of Russell Breweries from 2013 to 2016; and Controller of Terramerra Inc. from 2012 to 2013	Nil.
Peter Wall Proposed Chairman and Director (Perth, Australia)	Director of United Greeneries from July 31, 2015 to Present; Director of MMJ from August 14, 2014 to Present; and Member of Satipharm from August 1, 2015 to Present	Corporate lawyer	Nil.
Jason Bednar(1) Proposed Director (Calgary, Alberta, Canada)	Director of MMJ from July 27, 2015 to Present	CFO of MENA Hydrocarbons Inc. from 2011 to 2014; and CFO of Canacol Energy Inc. from 2015 to Present	Nil.
Anne Chopra(1) Proposed Director (Vancouver, British Columbia, Canada)	President, CEO, Corporate Secretary and Director of Harvest from August 28, 2008 to Present	Lawyer; and Corporate/Legal Consultant, Vice President of Corporate & International Affairs of Potash One Inc. from November 1, 2007 to March, 2011	184,358 (0.21%)
Will Stewart(1) Proposed Director (Oakville, Ontario, Canada)	N/A	Managing Principal of Navigator Inc. from January 2005 to Present	Nil.

Notes:

(1) Anticipated member of the audit committee of the Resulting Issuer.
(2) On February 22, 2017, 33,334,000 Resulting Issuer Common Shares were issued in connection with the Private Placement.
(3) The information as to number of Harvest Common Shares beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors and/or officers individually.
(4) The information as to country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors and/or officers individually.

Upon completion of the Transaction, the directors and officers of the Resulting Issuer, as a group, are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 184,358 Resulting Issuer Common Shares representing 0.21% of the issued and outstanding Resulting Issuer Common Shares.

Following the completion of the Transaction, Messrs. Gedeon and Choo will be employees of the Resulting Issuer, and each of the officers and directors of the Resulting Issuer will devote such time to the affairs of the Resulting Issuer as is necessary for the proper performance of his or her duties. As of the date hereof, none of the officers or directors of the Resulting Issuer have entered into non-competition or non-disclosure agreements with the Resulting Issuer.

Management

The following is a brief description of the proposed directors and officers of the Resulting Issuer:

Andreas Gedeon

Proposed CEO and Director of the Resulting Issuer (Age 42)

Mr. Gedeon was a former officer in the German Navy and holds a degree in Educational Sciences from the University of the German Federal Armed Forces (Bundeswehr University Munich). Mr. Gedeon is an experienced businessman with proven expertise in large-scale and human resource intensive projects. His previous areas of business include media production, horticulture and commercial construction. As the founder of MMJ, Mr. Gedeon currently oversees the global expansion strategy of the MMJ group.

Kwong Choo

Proposed CFO and Corporate Secretary of the Resulting Issuer (Age 53)

Mr. Choo, CPA, CGA, has over 15 years of experience in senior financial roles and public company reporting experience. Mr. Choo has previously served as CFO of Russell Breweries Inc. from 2013 to 2016, a TSX-V-listed manufacturing company and served as CFO and Vice President of Finance and Administration of Wex Pharmaceuticals Inc. from 2007 to 2011, a TSX-listed biotechnology company. Mr. Choo earned a degree in management accounting from the Chartered Institute of Management Accountants, U.K., in 1990, and holds a Canadian CPA designation.

Peter Wall

Proposed Chairman and Director of the Resulting Issuer (Age 40)

Mr. Wall is a corporate lawyer and based in Perth, Western Australia and is a Partner at one of Australia's leading corporate and commercial law firms. He graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance) and subsequently completed a Masters of Applied Finance and Investment with the FINSIA (formerly the Securities Institute of Australia). Mr. Wall has a wide range of experience in all forms of corporate and commercial law, with a particular focus on mergers and acquisitions, initial public offerings, back door listing and capital market transactions.

Mr. Wall was a founding Director and shareholder of MMJ (formerly Phytotech Medical), the first medical cannabis company to list on the ASX. He is the currently the Non-Executive Chairman of MMJ (formerly Phytotech Medical). He is also the Non-Executive Chairman of the following ASX-listed companies: Minbos Resources Ltd.; Activistic Limited; MyFiziq Limited; Zyber Holdings Limited; Sky and Space Global Ltd.; and Transcendence Technologies Limited. Mr. Wall is also a Non-Executive Director of Ookami Limited.

Jason Bednar

Proposed Director of the Resulting Issuer (Age 45)

Mr. Bednar is a Chartered Accountant with more than 18 years of direct professional experience in the financial and regulatory management of companies listed on the TSX, the Exchange, American Stock Exchange and the ASX.

He is currently the CFO and director of Canacol Energy Ltd., a Colombian focused oil and gas exploration and production company with an enterprise value in excess of $1 billion.

Mr. Bednar has been the past CFO of several international oil and gas exploration and production companies. Most notably, he was the founding CFO of Pan Orient Energy Corp., a south-east Asian exploration company, which during his tenure grew organically to operate 15,000 barrels of oil per day and had a market capitalization of $700 million. He previously sat on the board of directors of several internationally-focused exploration and production companies, including being the past Chairman of Gallic Energy Ltd.

Mr. Bednar holds a Bachelor of Commerce degree from the University of Saskatchewan.

Anne Chopra

Proposed Director of the Resulting Issuer (Age 55)

Ms. Chopra is a director of Caracara Silver Inc., a junior mining exploration company listed on the Exchange since July 2011. In addition Ms. Chopra, since August 2008, holds the office of President, CEO, CFO and is a director of Harvest One Capital Inc., a capital pool company trading on the NEX since August 2008. Ms. Chopra served as Vice President of Corporate and Legal Affairs with Potash One Inc., a TSX listed resource issuer from November 2007 to its buyout in a $430,000,000 cash transaction in March 2011. Ms. Chopra has practiced corporate, commercial and securities law with private regional law firms in British Columbia since February 1997. Ms. Chopra is also the Equity Ombudsperson for the Law Society of British Columbia, a role she has held since May 1999 and the recipient of the 2006 Canadian Bar Association Equality and Diversity Award for her work in this field. Ms. Chopra also holds a Bachelor of Commerce degree and Doctor of Law degree, (JD) from the University of Alberta, and a Masters of Industrial Relations from Queen's University.

Will Stewart

Proposed Director of the Resulting Issuer (Age 41)

As a Managing Principal at Navigator Inc., a leading Canadian public strategy and communications firm, Mr. Stewart has earned the trust and respect of leaders in corporations, government and not-for-profit organizations for his expertise as a senior strategic public affairs advisor, Mr. Stewart has demonstrated expertise in qualitative research, media relations, campaign planning and reputation management and recovery. He provides strategic planning, research and communications counsel to clients in a diverse variety of sectors, including aviation, energy, health care and the emerging Canadian cannabis environment. Mr. Stewart has served as Chief of Staff in several portfolios to Ontario cabinet ministers responsible for energy and social services, as well as the Government Whip and House Leader. As a respected media commentator on politics, public policy and social media. Mr. Stewart regularly appears on television, radio and print as a strategist. He has also been honoured to be chosen by the Hill Times as a member of its Top 100 Lobbyists in Canada for six consecutive years and was awarded the Queens Diamond Jubilee Medal for his contributions to Canadian public policy.

Committees of the Board of Directors of the Resulting Issuer

It is anticipated that following the completion of the Transaction, the only standing committee of the board of directors of the Resulting Issuer will be the audit committee, which is expected to be comprised of Jason Bednar, Anne Chopra and Will Stewart. Jason Bednar is anticipated to be Chair of the audit committee of the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

To the Corporation's knowledge, except as disclosed below, no proposed director, officer or Promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years of the date of this Filing Statement, has been a director, officer or Promoter of any Person that, while that person was acting in that capacity,

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Jason Bednar was formerly a director of Solimar from November 14, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related MD&As for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

Penalties or Sanctions

To the Corporation's knowledge, no proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

To the Corporation's knowledge, except as disclosed below, no proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of such persons has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to holder the assets of the director, officer or Promoter.

On November 24, 2009, Andreas Gedeon became bankrupt for the first time without surplus income, for which he was subsequently automatically discharged on August 25, 2010 under subsection 168.1(1)(a)(i) of the *Bankruptcy and Insolvency Act* (Canada), as amended.

Conflicts of Interest

Some of the proposed directors and officers of the Resulting Issuer are also directors, officers and/or Promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they are bound by the provisions of the BCBCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of their knowledge, the proposed management of the Resulting Issuer is not aware of the existence of any conflicts of interest between any of their directors and officers as of the date of this Filing Statement, other than as disclosed herein.

See "*Risk Factors*", "*Part I. Information Concerning Harvest – Description of the Business – History – Events Subsequent to 2016*" and "*Part III. Information Concerning the Resulting Issuer - Material Contracts*".

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last 5 years, directors, officers or Promoters of other reporting issuers:

Name	Reporting Issuer (Name and Jurisdiction)	Position(s) Held	Market Traded On	From		To	
				Month	Year	Month	Year
Andreas Gedeon							
Proposed CEO and Director	MMJ (Australia)	Managing Director	ASX	July	2015	Present	
Kwong Choo							
Proposed CFO and Corporate Secretary	Russel Breweries Inc. (Canada)	CFO	TSX-V	October	2013	November	2016
	Wex Pharmaceuticals Inc. (Canada)	CFO and Vice President of Finance & Administration	TSX	July	2008	July	2011
Peter Wall							
Proposed Chairman and Director	MMJ (Australia)	Director	ASX	August	2014	Present	
	Minbos Resources Ltd. (Australia)	Director	ASX	February	2014	Present	
	Activistic Limited (Australia)	Director	ASX	June	2015	Present	
	MyFiziq Limited (Australia)	Director	ASX	May	2015	Present	
	Zyber Holdings Limited (formerly Dourado Resources Limited) (Australia)	Director	ASX	January	2015	Present	

Name	Reporting Issuer (Name and Jurisdiction)	Position(s) Held	Market Traded On	From Month	From Year	To Month	To Year
	Sky and Space Global Ltd. (Australia)	Director	ASX	October	2015	Present	
	Transcendence Technologies Limited (formerly GRP Corporation Ltd.) (Australia)	Director	ASX	October	2015	Present	
	Ookami Limited (Australia)	Director	ASX	October	2015	Present	
	Global Metals Exploration NL (Australia)	Director	ASX	April	2015	July	2016
	TV2U International Limited (formerly Galicia Energy Corporation Ltd.) (Australia)	Director	ASX	February	2012	February	2016
	Aziana Limited (Australia)	Director	ASX	September	2014	August	2015
	Discovery Resources Ltd. (Australia)	Director	ASX	June	2012	November	2013
Jason Bednar Proposed Director	Canacol Energy Ltd. (Canada)	CFO	TSX	June	2015	Present	
	Solimar (Canada and Australia)	Director	TSX-V & ASX	November	2011	December	2014
	MENA Hydrocarbon Inc. (Canada)	Director	TSX-V	May	2011	February	2014
	Mobius Resources Inc. (Canada)	Director	TSX-V	April	2014	May	2015
	Tilting Capital Corp. (Canada)	Director	TSX-V	March	2014	Present	
	Gallic Energy Ltd. (Canada)	Director	TSX-V	October	2010	December	2012
	MMJ (Australia)	Director	ASX	July	2015	Present	
Anne Chopra Proposed Director	Caracara Silver Inc. (formerly Ansue Capital Corp.) (Canada)	Director	TSX-V	July	2011	Present	
Will Stewart Proposed Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXECUTIVE COMPENSATION

Summary of Employment Contracts of each Resulting Issuer Named Executive Officer

None of the anticipated Named Executive Officers of the Resulting Issuer will have employment contracts on Closing. It is expected that, following completion of the Transaction, contracts will be entered for each of the executive officers of the Resulting Issuer.

Share-Based Awards, Option-based Awards and Non-Equity Incentive Plan Compensation

The board of directors of the Resulting Issuer will be tasked with establishing an executive compensation program, which will include any share-based awards, option-based awards or the establishment of any non-equity incentive plans.

DIRECTOR COMPENSATION

It is currently anticipated that the compensation for the directors of the Resulting Issuer who are not also officers of the Resulting Issuer (including any options to be granted) will be determined subsequent to the completion of the Transaction, subject to the approval of the board of directors of the Resulting Issuer.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of Harvest, MMJ, United Greeneries or Satipharm, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to Harvest, MMJ, United Greeneries or Satipharm at any time, except for as disclosed below:

Name and Principal Position	Involvement of Harvest, United Greeneries, Satipharm or Subsidiary of Target	Largest Amount Outstanding as of June 30, 2016 ($)	Amount Outstanding as of June 30, 2016 ($)	Financially Assisted Securities Purchases During Last Completed Financial Year	Security for Indebtedness
Andreas Gedeon CEO and Director, United Greeneries Director, United Greeneries Operations Ltd.	United Greeneries Operations Ltd., a wholly-owned subsidiary of United Greeneries as lender	$86,620.59[(1)]	$100,357.05	Nil	Nil

Notes:

(1) Pursuant to a loan agreement dated February 24, 2016 between Andreas Gedeon and United Greeneries Operations Ltd., a wholly-owned subsidiary of United Greeneries, for the principal amount of $86,620.59 with interest payable at 8% per annum, maturing April 30, 2017.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

There will be no change to the Stock Option Plan as a result of completion of the Transaction. The Resulting Issuer's stock option plan (the "**Resulting Issuer Stock Option Plan**") will be the same as the Stock Option Plan of Harvest. See "*Part I. Information Concerning Harvest – Stock Option Plan*".

The Resulting Issuer will not be granting any stock options prior to Closing. Following completion of the Transaction, there are 223,464 options outstanding to purchase 223,464 Resulting Issuer Common Shares exercisable at $0.10, which are held by former Harvest management.

The board of directors of the Resulting Issuer may in its discretion grant additional stock options in accordance with the terms of the Resulting Issuer Stock Option Plan for annual compensation, amongst other things.

Agents' Options

In connection with the Private Placement, the Agents received 2,000,040 Agents' Options.

ESCROWED SECURITIES

CPC Escrowed Securities

On September 30, 2009, Harvest, Computershare Investor Services Inc. and certain founding shareholders of Harvest (i.e. Anne Chopra, David Berg and Paul Matysek) entered into an escrow agreement, whereby 2,000,000 Harvest Shares issued at a price below $0.10 per Harvest Common Share would be deposited with Computershare Investor Services Inc. (the "**Escrow Agreement**").

Where the Harvest Common Shares which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Each holding company has signed an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company.

Under the Escrow Agreement, 10% of the escrowed Harvest Common Shares were to be released from escrow on the issuance of the Final Exchange Bulletin and an additional 15% were to be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the issuance of the Final Exchange Bulletin.

If the Resulting Issuer meets the Exchange's Tier I minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Harvest Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier I of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Harvest Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Harvest Common Shares will not be released. Under the Escrow Agreement, each non-arm's length party to the Corporation who holds escrowed Harvest Common Shares acquired at a price below $0.10 per Harvest Common Share has irrevocably authorized and directed Computershare Investor Services Inc., the escrow agent, to immediately:

(a) cancel all of those escrowed Harvest Common Shares upon the issuance by the Exchange of a bulletin delisting the Harvest Common Shares; or

(b) if the Corporation lists on NEX, either:

    a. cancel all securities issued before Harvest's initial public offering or by a private target company before a Reverse Takeover, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading (the "**Seed Shares**") purchased by non-Arm's length parties to Harvest at a discount from the initial public offering price of $0.10 per Harvest Common Share, in accordance with Section 11.2(a) of the CPC Policy; or

    b. subject to majority shareholder approval, cancel an amount of Seed Shares purchased by non-arm's length parties to Harvest so that the average cost of the remaining Seed Shares is at least equal to the initial public offering price of $0.10 per Harvest Common Share.

Resulting Issuer Escrowed Securities

Upon completion of the Transaction, it is expected that there will be an aggregate of 53,333,333 Resulting Issuer Common Shares held pursuant to a value security agreement (the "**Value Security Escrow Agreement**") for Tier 1 issuers to be entered into by the Resulting Issuer, the Escrow Agent and Transfer Agent and the holders of Resulting Issuer Common Shares subject to such escrow requirements.

Any shares of the Resulting Issuer held by persons who will be considered principals (i.e. directors, senior officers, promoters or 10% shareholders) of the Resulting Issuer ("**Principals**") upon completion of the Transaction will be subject to the Exchange's escrow requirements.

Generally, if at least 75% of the Resulting Issuer Common Shares issued pursuant to the Transaction are "Value Securities", then all Resulting Issuer Common Shares issued to Principals of the Resulting Issuer pursuant to the Transaction will be deposited into escrow pursuant to the Value Security Escrow Agreement.

"**Value Securities**" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement.

However, if at least 75% of the Resulting Issuer Common Shares issued pursuant to the Transaction are not Value Securities, all securities issued to Principals of the Resulting Issuer pursuant to the Arrangement will be deposited into a surplus security escrow agreement (a "**Surplus Security Escrow Agreement**").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow and the requirement for cancellation of any surplus escrow shares upon the loss or abandonment of the property or discontinuance of the operations for which such surplus escrow shares were issued.

In the case of a Resulting Issuer that is a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with an additional 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that is a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement also provides for an 18 month escrow release mechanism with:

(a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;

(b) 20% of the escrowed securities being releasable on the 6 month anniversary of the Final Exchange Bulletin;

(c) 30% of the escrowed securities being releasable on the 12 month anniversary of the Final Exchange Bulletin; and

(d) 40% of the escrowed securities being releasable on the 18 month anniversary of the Final Exchange Bulletin.

If the Resulting Issuer is a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin.

If the Resulting Issuer is a Tier 2 issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement also provides for a three year escrow release mechanism but with:

(a) 5% of the escrowed securities being releasable at the time of the Final Exchange Bulletin and 5% on the six month anniversary of the Final Exchange Bulletin;

(b) 10% of the escrowed securities being releasable in six month intervals on each of the 12 and 18 month anniversaries of the Final Exchange Bulletin;

(c) 15% of the escrowed securities being releasable in six month intervals on each of the 24 and 30 month anniversaries of the Final Exchange Bulletin; and

(d) 40% of the escrowed securities being releasable on the 36 month anniversary of the Final Exchange Bulletin.

MMJ Escrowed Securities

Pursuant to the Agency Agreement entered into in connection with the Private Placement, directors and senior officers of the Resulting Issuer have entered into lock-up agreements in favour of the Agents for a period of 120 days following Closing with respect to their securities of the Resulting Issuer and MMJ.

Summary of Escrowed Securities

As of April 1, 2017 a date within 30 days before the date of the Filing Statement, the following is a summary of the Resulting Issuer Common Shares that are anticipated to be held in escrow or otherwise subject to escrow restrictions:

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Securityholder	**Designation of Class**	**Number of Resulting Issuer Securities Held in Escrow**	**Percentage of Class**	**Number of Resulting Issuer Securities Held in Escrow**	**Percentage of Class**
Anne Chopra (Vancouver, British Columbia, Canada)	Resulting Issuer Common Shares	330,000	8.1%	184,358	0.21%
Phyto UK (England and Wales)	Resulting Issuer Common Shares	Nil	Nil	41,574,662	46.7%
MMJ (Australia)	Resulting Issuer Common Shares	Nil	Nil	11,758,671	13.2%
Total		**330,000**	**8.1%**	**53,517,691**	**60.1%**

Additionally, the following individuals will continue to be subject to escrow restrictions:

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Securityholder	**Designation of Class**	**Number of Resulting Issuer Securities Held in Escrow**	**Percentage of Class**	**Number of Resulting Issuer Securities Held in Escrow**	**Percentage of Class**
David Berg (Dewinton, Alberta, Canada)	Resulting Issuer Common Shares	330,000	8.1%	184,358	0.21%
Paul Matysek (West Vancouver, British Columbia, Canada)	Resulting Issuer Common Shares	340,000	8.3%	189,944	0.21%
Total		**670,000**	**16.4%**	**374,302**	**0.42%**

AUDITOR, TRANSFER AGENT AND REGISTRAR

Following completion of the Transaction, it is expected that BDO Canada LLP, Chartered Accountants, located at 600 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2, Canada, are to be appointed as auditors of the Resulting Issuer.

Computershare Investor Services Inc. located at 3rd Floor, 510 Burrard Street, Vancouver, BC, V6C 3B9, Canada, is the transfer agent and registrar of Harvest, is anticipated to be appointed as the transfer agent and registrar of the Resulting Issuer following the completion of the Transaction.

See "*Part I. Information Concerning Harvest – Auditor, Transfer Agent and Registrar*".

PART IV: GENERAL MATTERS

SPONSORSHIP AND AGENT RELATIONSHIP

Sponsor

The Lead Agent entered into an engagement letter on November 10, 2016 with Harvest and MMJ to act as agent in connection with the Private Placement. On February 22, 2017 the parties entered into the Agency Agreement, in connection with the Private Placement. With respect to the Private Placement, the Lead Agent will receive its *pro rata* portion of the Agents' Cash Commission and Agents' Options, in the amount of $1,005,021 and 1,400,028 Agents' Options, respectively.

Sponsorship for the Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted. Harvest was granted an exemption from sponsorship requirements pursuant to Section 3.4 of Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

Relationships

To the best of the knowledge of Harvest, United Greeneries and Satipharm, except as set forth in this Filing Statement, neither the Resulting Issuer, Harvest, United Greeneries nor Satipharm have entered into any agreement with any other registrant to provide sponsorship or corporate finance services, either now or in the future.

INTERESTS OF EXPERTS

No Person, whose profession or business gives authority to a statement made by the Person and who is named has having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Harvest, United Greeneries, Satipharm or any of their respective Associates or Affiliates, and no such Person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such Person is a Promoter of Harvest, United Greeneries, Satipharm or any of their respective Associates or Affiliates.

MNP LLP, Chartered Accountants, located at Suite 2200, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, the auditor of Harvest, has advised that it is independent with respect to Harvest, United Greeneries and Satipharm.

BDO Audit (WA) Pty Ltd. located at 38 Station Street, Subiaco, WA 6008, Australia, the auditor of United Greeneries and Satipharm, has advised that it is independent with respect to Harvest, United Greeneries and Satipharm.

BOARD APPROVAL

The contents and sending of this Filing Statement have been approved by the Harvest Board. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than the Corporation, the Corporation has relied upon information furnished by such Person.

APPENDIX A

FINANCIAL STATEMENTS OF HARVEST

Please see attached.

HARVEST ONE CAPITAL INC.

Condensed Interim Financial Statements

For the Three and Nine Month Periods Ended

September 30, 2016

(Expressed in Canadian dollars)

(unaudited)

HARVEST ONE CAPITAL INC.

Interim statement of financial position

Expressed in Canadian Dollars

	September 30, 2016 $ (unaudited)	December 31, 2015 $ (audited)
Assets		
Current Assets		
Cash and cash equivalents	15,842	47,849
	15,842	47,849
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	22,471	26,702
	22,471	26,702
Shareholders' Equity		
Share capital	313,485	313,485
Share compensation reserves	9,477	9,477
Deficit	(329,591)	(301,815)
	(6,629)	21,147
	15,842	47,849

Nature of operations and continuance of business (Note 1)

Approved and authorized for issue by the Board on March 30, 2017:

Signed "Anne Chopra" *Signed "David Berg"*

Anne Chopra, CEO David Berg, Director

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

HARVEST ONE CAPITAL INC.

Interim statements of operations and comprehensive loss

(Unaudited - Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2016 $	September 30, 2015 $	September 30, 2016 $	September 30, 2015 $
Expenses				
General and administrative	(3,100)	6,683	3,955	13,462
Professional fees	1,500	12,900	13,341	17,576
Transfer agent and filing fees	3,683	2,677	10,480	9,173
Loss before other income (expense)	(2,083)	(22,260)	(27,776)	(40,211)
Other income (expense)	–	–	–	–
Interest income	–	–	–	–
Net loss and comprehensive loss	(2,083)	(22,260)	(27,776)	(40,211)
Loss per share, basic and diluted (Note 6)	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average common shares outstanding	4,093,120	4,093,120	4,093,120	4,093,120

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

HARVEST ONE CAPITAL INC.

Interim statement of changes in equity

(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital $	Share compensation reserve $	Deficit $	Total shareholders' equity $
Balance, December 31, 2014	4,093,120	313,485	9,477	(255,562)	67,400
Net loss and comprehensive loss for the period	–	–	–	(40,211)	(40,211)
Balance, September 30, 2015	4,093,120	313,485	9,477	(295,773)	27,189
Balance, December 31, 2015	4,093,120	313,485	9,477	(301,815)	21,147
Net loss and comprehensive loss for the period	–	–	–	(27,776)	(27,776)
Balance, September 30, 2016	4,093,120	313,485	9,477	(329,591)	(6,629)

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

HARVEST ONE CAPITAL INC.

Interim statement of cash flows

(Unaudited - Expressed in Canadian Dollars)

	Nine months ended	
	September 30, 2016 $	September 30, 2015 $
Cash from (used in):		
Operating activities		
Net loss for the period	(27,776)	(40,211)
Change in non-cash working capital items		
Prepaid Expenses	–	–
Accounts payable and accrued liabilities	(4,231)	11,805
Cash used in operating activities	(32,007)	(28,406)
Increase (decrease) in cash during the period	(32,007)	(28,406)
Cash and cash equivalents, beginning of period	47,849	83,153
Cash and cash equivalents, end of period	15,842	54,747
Supplemental disclosures		
Interest paid	–	–
Income taxes paid	–	–

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

1. Nature of Operations and Continuance of Business

The Company was incorporated on August 28, 2008 under the British Columbia Company Act. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. The Company has not commenced commercial operations. Its business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4). The Company announced on February 2, 2010 that it had completed its initial distribution of securities to the public and the shares of the Company were listed for trading on the TSX-V on February 5, 2010 with the trading symbol WON.P. On February 6, 2012 trading in the shares of the Company were halted on the TSX-V for failure to complete its Qualifying Transaction within 24 months of listing. On May 17, 2012 the TSX-V issued a bulletin stating that effective Friday, May 18, 2012, the Company's listing would transfer from the TSX-V to the TSX-V–NEX board and the Company's Tier classification and the Filing and Service Office would also change from the TSX-V to the TSX-V–NEX board. The Company's new trading symbol is WON.H. As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties, or businesses which would constitute a Qualifying Transaction pursuant to the policies of the TSX-V. Such a transaction will be subject to regulatory approval. The address of the Company's registered office is Suite 2102, 212 Davie Street, Vancouver, BC, V6B 5Z4.

On March 9, 2016 the Company announced that it had entered into an agreement and plan of merger ("Definitive Agreement") with Mobile Corporation ("Mobile") to provide for the completion of the acquisition of Mobile (the "Transaction"). The Transaction was initially announced by the Company in a press release dated October 21, 2015, indicating the Company and Mobile had entered into a non-binding letter of intent with respect to the Transaction. On October 5, 2016 the Company announced that it had terminated the agreement with Mobile.

On December 7, 2016, MMJ PhytoTech Limited ("MMJ"), PhytoTechMedical (UK) Pty Ltd. ("Phyto UK"), United Greeneries Holdings Ltd. ("United Greeneries"), Satipharm AG ("Satipharm") and the Company entered into a share exchange agreement (as subsequently amended, the "Share Exchange Agreement"). Pursuant to the Share Exchange Agreement and subject to the fulfillment of certain conditions, Harvest agreed to acquire from Phyto UK all of the issued and outstanding common shares of United Greeneries (the "United Greeneries Shares") and all of the issued and outstanding registered shares of Satipharm (the "Satipharm Shares") in consideration for $33,180,997, payable by way of a combination of $2,000,000 in cash and issuance of 41,574,662 common shares at $0.75 per share. Additionally, as consideration for the assumption by Harvest of debts owed to MMJ by United Greeneries and Satipharm in the amount of $8,819,003 (the "Target Debt"), MMJ will receive 11,758,671 Harvest Common Shares, representing a purchase price of $8,819,003 for the Target Debt (the acquisition of the United Greeneries Shares, Satipharm Shares, and Target Debt by Harvest constituting the "Transaction"). The Transaction is intended to constitute the Company's "Qualifying Transaction" within the meaning of TSX-V policies.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements.

At September 30, 2016, the Company had a working capital deficit of $6,629 (December 31, 2015 – working capital of $67,400). The Company has assessed it has sufficient funds to carry on business for the next twelve months. Should the Company require additional funds, it intends to raise those funds through share issuances and support from creditors and related parties. If such funds are not available, the Company may cease operations.

2. Basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board and effective for the period ending September 30, 2016.

3. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of the International Financial Standards ("IFRS").

(b) Accounting Convention

These condensed interim financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks, cash on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(d) Accounts payable and accrued liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

(e) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(f) Loss per common share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under this method, the weighted average number of shares includes the potential net issuances of common shares for "in-the-money" options and warrants assuming the proceeds are used to repurchase common shares at the average market price during the period, if dilutive. The effect of potential issuances of shares under options and warrants would be anti-dilutive if a loss is reported, and therefore basic and diluted losses per share are the same.

(g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

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

Deferred tax

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Financial assets and liabilities

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. At September 30, 2016 the Company had not classified any financial assets as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At September 30, 2016 the Company had not classified any financial assets as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At September 30, 2016 the Company had not classified any financial liabilities as FVTPL.

(i) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(j) Significant estimates and judgements

The preparation of this statement of financial position requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Judgements and underlying assumptions are reviewed on an on¬going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The Company currently has no significant estimates that affect the recorded amounts of assets and liabilities.

Significant judgements used in the preparation of the condensed interim financial statements include, but are not limited to:

(i) Those relating to the assessment of the Company's ability to continue as a going concern; and

(ii) Deferred income taxes

(k) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company had no other provisions as at September 30, 2016.

(l) Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

4. New Standards, Amendments and Interpretations Not Yet Effective

Effective for annual periods beginning on or after July 1, 2012:

Amendments to ,IA S 1 "Presentation of Financial Statements"

In June 2011, the IASB issued amendments to IAS 1 to require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two separate statements. The amendments are to be applied retrospectively.

Effective for annual periods beginning on or after January 1, 2013:

Amendments to IFRS 7, Financial instruments: disclosures

IFRS 7 was amended in December 2011 to require more extensive disclosure about the offsetting of financial instruments and is effective for annual periods beginning on or after 1 January 2013, with earlier adoption permitted. The standard does not have a material impact on the condensed interim financial statements.

New Standard IFRS 10, "Consolidated Financial Statements"

In May 2011, the IASB issued IFRS 10 to replace portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12, "Consolidated - Special Purpose Entities". IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and a continuous reassessment as facts and circumstances change.

New standard IFRS 11, "Joint Arrangements"

In May 2011, the IASB issued IFRS 11 to replace IAS 31, "Interest in Joint Ventures". The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting.

New standard IFRS 12 "Disclosure of Interest in Other Entities"

In May 2011, the IASB issued IFRS 12. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.

New standard IFRS 13, "Fair Value Measurement"

In May 2011, the IASB issued IFRS 13. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price.

The Company has not early-adopted these new and revised standards and is currently assessing the impact that these standards will have on its condensed interim financial statements.

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

Accounting standards issued but not yet effective

IFRS 9, Financial instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier adoption permitted. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. The Company has not early-adopted the standard and is currently assessing the impact it will have on the condensed interim financial statements.

IAS 32, Financial instruments: presentation

IAS 32 provides further clarity around details relating to the right of set-off and the application of offsetting criteria under certain circumstances. The amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014. The Company is currently evaluating the impact of this standard on the condensed interim financial statements.

5. Share Capital

(a) Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares, without par value and an unlimited number of preferred shares (none issued), without par value.

(b) Escrow Shares

At September 30, 2016 there were 1,000,000 (December 31, 2015 – 1,000,000) common shares of the Company held in Escrow.

(c) Options

The Company has adopted a stock option plan which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Stock options granted under the plan vest immediately subject to vesting terms which may be imposed at the discretion of the directors.

On October 26,2016, the Company granted 400,000 incentive stock options to directors and officers of the Company The options are exercisable at $0.10 per share and expire on October 25, 2019.

At June 30, 2016 there were nil (December 31, 2015 – Nil) options of the Company outstanding.

(Expressed in Canadian Dollars)

6. Loss Per Share

The calculation of basic and diluted loss per share for the relevant periods is based on the following data:

	Nine months ended	
	September 30, 2016	September 30, 2015
Net loss from operations for the purpose of basic and diluted loss per share.	$ (0.01)	$ (0.01)
Weighted average number of shares for the purpose of basic and diluted loss per share.	4,093,120	4,093,120

Any outstanding preference shares, stock options and warrants were anti-dilutive for the relevant periods.

7. Financial Instruments and Risks

(a) Categories of Financial Instruments

	September 30, 2016	December 31, 2015
Financing assets		
Cash and cash equivalents	$ 15,842	$ 47,849
Total financing assets	$ 15,842	$ 47,849

	September 30, 2016	December 31, 2015
Financing liabilities		
Accounts payable and accrued liabilities	$ 22,471	$ 26,702
Total financial liabilities	$ 22,471	$ 26,702

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2016 because of the demand nature or short-term maturity of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments as at September 30, 2016 are as follows:

Cash and accounts payable and accrued liabilities as shown in the statement of financial position at September 30, 2016 are measured using level 1. The Company does not have any financial instruments that are measured using level 2 or level 3 inputs.

(b) Financial risk management objectives and policies

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(ii) *Foreign Exchange Rate and Interest Rate Risk*

The Company is exposed to foreign exchange rate and interest rate risk to the extent that the cash and cash equivalents maintained at the financial institution is subject to a floating foreign exchange rate and rate of interest. The interest rate risks on cash and cash equivalents and on the Company's obligations are not considered significant.

(iii) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash and cash equivalents in excess of anticipated needs.

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, share compensation reserves, and deficit. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

9. Subsequent Events

(a) Offering

On January 17, 2017 (as subsequently upsized by way of news release issued January 27, 2017), Harvest announced a private placement financing of a minimum of 29,334,000 subscription receipts of Harvest (the "Harvest Subscription Receipts") at a subscription price of $0.75 per Harvest Subscription Receipt, for aggregate gross proceeds of no less than $22,000,500 (the "Private Placement"). Harvest was required to complete the Private Placement prior to closing of the Transaction (the "Closing").

On February 22, 2017, MMJ, Harvest and the Agents entered into the agency agreement (the "Agency Agreement") in connection with the Private Placement. Harvest appointed a syndicate of agents led by Mackie Research Capital Corporation (the "Lead Agent" and sole bookrunner) and including Canaccord Genuity Corp., Eight Capital and GMP Securities L.P. (collectively, the "Agents"). The Harvest Subscription Receipts were offered in all provinces of Canada and such other jurisdictions as Harvest and the Lead Agent agreed where the Private Placement could be sold without the requirement to file a prospectus or similar document. The Private Placement was completed on a best efforts basis, and the latest date the distribution remained open until was February 22, 2017.

Harvest granted the Agents an option (the "Over-Allotment Option") to increase the size of the Private Placement by up to $3,000,000, exercisable by the Lead Agent with written notice to Harvest on behalf of the Agents at any time up to 48 hours prior to the closing of the Private Placement. The Over-Allotment Option provided maximum gross proceeds available to Harvest pursuant to the Private Placement of $25,000,500. The Agents exercised the Over-Allotment Option in full.

On February 22, 2017, Harvest completed the Private Placement of an aggregate of 33,334,000 Harvest Subscription Receipts at a subscription price of $0.75 per Harvest Subscription Receipt after giving effect to the Consolidation, for aggregate gross proceeds of $25,000,500.

Concurrently with Closing, each Harvest Subscription Receipt will be exchanged automatically, for, for no additional consideration, into one (1) unit (a "Unit") of Harvest, with each Unit consisting of: (i) one common share; and (ii) one half of one (0.5) purchase warrant to purchase common shares (each whole purchase warrant, a "Warrant"). Each whole Warrant will entitle the holder to acquire one common shares within 36 months following Closing at an exercise price of $1.00 per common share.

The net proceeds of the Private Placement is expected to be $22,645,455.

(b) Consolidation

Immediately prior to Closing, the issued and outstanding common shares will be consolidated on a 1.79:1 basis (the "Consolidation").

HARVEST ONE CAPITAL INC.

Audited Annual Financial Statements

For the Years Ended

December 31, 2015 & December 31, 2014

(Expressed in Canadian dollars)

To the Shareholders of Harvest One Capital Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of Harvest One Capital Inc.'s external auditors.

We draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

April 27, 2016

Signed "Anne Chopra"	*Signed "David Berg"*
Anne Chopra, CEO	David Berg, Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Harvest One Capital Inc.**:

We have audited the accompanying financial statements of Harvest One Capital Inc., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2015 and 2014 and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Harvest One Capital Inc. as at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Harvest One Capital Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Harvest One Capital Inc. to continue as a going concern.

MNP LLP

April 27, 2016
Vancouver, British Columbia

Chartered Professional Accountants

HARVEST ONE CAPITAL INC.

Statement of financial position

(Expressed in Canadian dollars)

	December 31, 2015 $	December 31, 2014 $
Assets		
Current Assets		
Cash and cash equivalents (Note 7)	47,849	83,153
	47,849	83,153
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	26,702	15,753
	26,702	15,753
Shareholders' Equity		
Share capital (Note 5)	313,485	313,485
Share compensation reserves	9,477	9,477
Deficit	(301,815)	(255,562)
	21,147	67,400
	47,849	83,153

Nature of operations and continuance of business (Note 1)

Approved and authorized for issue by the Board on April 27, 2016:

Signed "Anne Chopra"
Anne Chopra, CEO

Signed "David Berg"
David Berg, Director

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

HARVEST ONE CAPITAL INC.

Statements of operations and comprehensive loss

(Expressed in Canadian dollars)

	Year ended	
	December 31, 2015 $	December 31, 2014 $
Expenses		
General and administrative	16,958	15,610
Professional fees	18,251	16,959
Transfer agent and filing fees	11,044	13,398
Net loss and comprehensive loss	(46,253)	(45,967)
Loss per share, basic and diluted (Note 6)	(0.01)	(0.015)
Weighted average common shares outstanding	4,093,120	3,131,476

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

HARVEST ONE CAPITAL INC.

Statement of changes in equity

(Expressed in Canadian dollars)

	Number of shares	Share capital $	Share compensation reserve $	Deficit $	Total shareholders' equity $
Balance, December 31, 2013	3,093,120	263,485	9,477	(209,595)	63,367
Shares issued pursuant to a private placement	1,000,000	50,000	–	–	50,000
Net loss and comprehensive loss for the year	–	–	–	(45,967)	(45,967)
Balance, December 31, 2014	4,093,120	313,485	9,477	(255,562)	67,400
Net loss and comprehensive loss for the year	–	–	–	(46,253)	(46,253)
Balance, December 31, 2015	4,093,120	313,485	9,477	(301,815)	21,147

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

HARVEST ONE CAPITAL INC.

Statement of cash flows

(Expressed in Canadian dollars)

	Year ended	
	December 31, 2015 $	December 31, 2014 $
Cash used in:		
Operating activities		
Net loss for the year	(46,253)	(45,967)
Change in non-cash working capital items		
Accounts payable and accrued liabilities	10,949	1,543
Cash used in operating activities	(35,304)	(44,424)
Financing activities		
Proceeds from sale of shares	–	50,000
Net cash provided by financing activities	–	50,000
(Decrease) increase in cash during the year	(35,304)	5,576
Cash and cash equivalents, beginning of year	83,153	77,577
Cash and cash equivalents, end of year	47,849	83,153

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

1. Nature of Operations and Continuance of Business

The Company was incorporated on August 28, 2008 under the British Columbia Company Act. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. The Company has not commenced commercial operations. Its business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4). The Company announced on February 2, 2010 that it had completed its initial distribution of securities to the public and the shares of the Company were listed for trading on the TSX-V on February 5, 2010 with the trading symbol WON.P. On February 6, 2012 trading in the shares of the Company were halted on the TSX-V for failure to complete its Qualifying Transaction within 24 months of listing. On May 17, 2012 the TSX-V issued a bulletin stating that effective Friday, May 18, 2012, the Company's listing would transfer from the TSX-V to the TSX-V–NEX board and the Company's Tier classification and the Filing and Service Office would also change from the TSX-V to the TSX-V–NEX board. The Company's new trading symbol is WON.H. As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties, or businesses which would constitute a Qualifying Transaction pursuant to the policies of the TSX-V. Such a transaction will be subject to regulatory approval.

On October 21, 2015 the Company announced that it had entered into a non-binding letter of intent ("LOI") regarding a proposed transaction ("Transaction") with Mobile Corporation ("Mobile"), a private Nevada corporation. The Company would acquire all of the issued and outstanding securities of Mobile which is a pre-revenue internet company. The acquisition, once completed, is intended to constitute the Company's QT pursuant to Policy 2.4 of the Corporate Finance Manual of the TSX-V.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has accumulated operating losses of $301,815 since inception, and incurred an operating loss of $46,253 during the year ended December 31, 2015 (2014 - $45,967). The Company has been unsuccessful in completing a Qualifying Transaction. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

At December 31, 2015, the Company had working capital of $21,147 (December 31, 2014 – $67,400). The Company has assessed it has sufficient funds to carry on business for the next twelve months. Should the Company require additional funds, it intends to raise those funds through share issuances and support from creditors and related parties. If such funds are not available, the Company may cease operations.

2. Basis of presentation

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board and effective for the year ending December 31, 2015.

These financial statements were authorized for issue by the Board of Directors on April 27, 2016.

3. Significant Accounting Policies

(a) Accounting Convention

These financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks, cash on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(c) Accounts payable and accrued liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

(d) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(e) Loss per common share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under this method, the weighted average number of shares includes the potential net issuances of common shares for “in-the-money” options and warrants assuming the proceeds are used to repurchase common shares at the average market price during the period, if dilutive. The effect of potential issuances of shares under options and warrants would be anti-dilutive if a loss is reported, and therefore basic and diluted losses per share are the same.

(f) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

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

3. **Significant Accounting Policies** (continued)

(f) Income taxes (continued)

Deferred tax

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Financial assets and liabilities

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. At December 31, 2015 the Company had not classified any financial assets as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At December 31, 2015 the Company had not classified any financial assets as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

3. Significant Accounting Policies (continued)

(g) Financial assets and liabilities (continued)

Financial liabilities (continued)

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2015 the Company had not classified any financial liabilities as FVTPL.

(h) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(i) Significant estimates and judgements

The preparation of this statement of financial position requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The Company currently has no significant estimates that affect the recorded amounts of assets and liabilities.

Significant judgements used in the preparation of the financial statements include, but are not limited to:

i) Those relating to the assessment of the Company's ability to continue as a going concern; and

ii) Deferred income taxes

(j) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company had no provisions as at December 31, 2015.

4. New Standards, Amendments and Interpretations Not Yet Effective

The following accounting pronouncements became effective for the Company for the current fiscal year ending December 31, 2015 and were adopted as at January 1, 2015:

(a) IAS 24, Related Party Disclosures:

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

The Company has reviewed new and revised accounting pronouncments that have been issued but are not yet effective and is assessing the impact of these new standards and amendments but they are not expected to have a material impact on the Company.

(b) The IASB intends to implement IFRS 9, Financial Instruments:

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

(a) The IASB intends to make amendments to IFRS 11, Joint Arrangements:

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

5. Share Capital

(a) Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares, without par value and an unlimited number of preferred shares (none issued), without par value.

(b) Escrow Shares

At December 31, 2015 there were 1,000,000 (December 31, 2014 – 1,000,000) common shares of the Company held in Escrow.

(c) Options

The Company has adopted a stock option plan which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Stock options granted under the plan vest immediately subject to vesting terms which may be imposed at the discretion of the directors.

At December 31, 2015 there were Nil (December 31, 2014 – Nil) options of the Company outstanding.

6. Loss Per Share

The calculation of basic and diluted loss per share for the relevant periods is based on the following data:

	Years ended	
	December 31, 2015	December 31, 2014
Net loss from operations for the purpose of basic and diluted loss per share.	$ (0.01)	$ (0.015)
Weighted average number of shares for the purpose of basic and diluted loss per share.	4,093,120	3,131,476

Any outstanding preference shares, stock options and warrants were anti-dilutive for the relevant periods.

7. Financial Instruments and Risks

(a) Categories of Financial Instruments

	December 31, 2015	December 31, 2014
Financing assets		
Cash and cash equivalents	$ 47,849	$ 83,153
Total financing assets	$ 47,849	$ 83,153

	December 31, 2015	December 31, 2014
Financing liabilities		
Accounts payable and accrued liabilities	$ 26,702	$ 15,753
Total financial liabilities	$ 26,702	$ 15,753

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2015 because of the demand nature or short-term maturity of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments as at December 31, 2015 are as follows:

Cash and accounts payable and accrued liabilities as shown in the statement of financial position at December 31, 2015 are measured using level 1. The Company does not have any financial instruments that are measured using level 2 or level 3 inputs.

7. **Financial Instruments and Risks** (continued)

(b) Financial risk management objectives and policies

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(ii) Foreign Exchange Rate and Interest Rate Risk

The Company is exposed to foreign exchange rate and interest rate risk to the extent that the cash and cash equivalents maintained at the financial institution is subject to a floating foreign exchange rate and rate of interest. The interest rate risks on cash and cash equivalents and on the Company's obligations are not considered significant.

(iii) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash and cash equivalents in excess of anticipated needs.

8. **Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, share compensation reserves, and deficit. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2014.

9. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended December 31, 2015 and 2014:

	2015	2014
Net loss and comprehensive loss	$ (46,253)	$ (45,967)
Statutory rate	26.00%	26.00%
Expected income tax recovery	(12,025)	(11,951)
Effect of change in estimates		2,473
Change in deferred tax asset not recognized	12,026	9,478
Income tax expense	–	–

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at December 31, 2015 and 2014 are comprised of the following:

	2015	2014
Non capital loss carry forward	$ 88,048	$ 76,022
Share issuance costs	–	–
Deferred tax asset not recognized	$ 88,048	$ 76,022

As at December 31, 2015, the Company has estimated non-capital loss carryforwards of approximately $338,645 (2014 – 292,392) for Canadian tax purposes that may be carried forward to reduce income derived in future years. The non-capital loss carry forwards expire as follows:

	$
2029	55,869
2030	44,716
2031	45,883
2032	48,838
2033	45,675
2034	51,411
2035	46,253
	338,645

10. Subsequent Events

On March 9, 2016 the Company announced that it had entered into an agreement and plan of merger (“Definitive Agreement”) with Mobile Corporation ("Mobile") to provide for the completion of the acquisition of Mobile (the “Transaction”). The Transaction was initially announced by the Company in a press release dated October 21, 2015, indicating the Company and Mobile had entered into a non-binding letter of intent with respect to the Transaction.

Upon completion of the Transaction, the Company will become a wholly-owned subsidiary of Mobile and the Company will change its name to “Mobile Holdings Corporation” or such other name as the parties may reasonably agree upon. The combined entity (the “Resulting Issuer”) will continue the business of Mobile.

The acquisition, once completed, is intended to constitute the Company’s “Qualifying Transaction” pursuant to Policy 2.4 of the Corporate Finance Manual of the TSX-V. The Company and Mobile are at arm's length, and accordingly, the Transaction is not considered a "Non-Arm's Length Transaction".

Pursuant to the Definitive Agreement, the Company will acquire all of the issued and outstanding securities of Mobile from its shareholders in exchange for 34,034,370 common shares of the Company at the closing of the Transaction. Holders of the Company stock options, as well as holders of Mobile’s stock options, share purchase warrants, and other vesting or convertible securities will be entitled, on exercise, to receive common shares of the Resulting Issuer, subject to adjustment to reflect the completion of the Transaction.

The Company will consolidate its issued and outstanding share capital on a two (2) old shares for one (1) new share basis as part of the Transaction (“Share Consolidation”). After the Share Consolidation the Company will have 2,046,560 common shares issued and outstanding and stock options exercisable for 132,000 common shares. The parties have agreed to pay a finder's fee, payable in cash and common shares, in connection with the Transaction.

Concurrent with the Transaction the parties intend to raise a minimum of CDN $2,000,000 through the issuance of common shares of the Company (the “Transaction Financing”) through an offering of shares and warrants on terms to be negotiated. A finder's fee may be payable for any proceeds raised under the Transaction Financing. These fees may be payable in cash and/or in common shares. The exact terms of the Transaction Financing will be announced a later date. The Transaction Financing will be used to advance the business of the Resulting Issuer, and for general working capital purposes.

In addition to the Transaction Financing, Mobile intends to undertake a bridge financing of approximately US $250,000. This bridge financing may consist of debt or convertible debt in Mobile.

Closing the Transaction is subject to several conditions, including regulatory approval.

APPENDIX B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF HARVEST

Please see attached.

HARVEST ONE CAPITAL INC.
(the "Company")

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
(the "MD&A")

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016

The following information, prepared as of November 18, 2016, should be read together with the consolidated interim financial statements for the three and nine month periods ended September 30, 2016 and the related notes attached thereto. Readers are also encouraged to refer to the audited financial statements and MD&A for the year ended December 31, 2015 and related notes attached thereto. Accordingly, these consolidated interim financial statements and MD&A include the results of operations and cash flows for the three and nine month periods ended September 30, 2016, and the reader must be aware that historical results are not necessarily indicative of the future performance. All amounts are reported in Canadian dollars. The aforementioned documents can be accessed on the SEDAR web site www.sedar.com.

Unless otherwise stated, financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the consolidated interim financial statements.

MD&A contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The Company's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between profit or loss and cash flows from operating activities can be found in the statement of cash flows.

Certain statements contained in this management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of the Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

The Company was incorporated on August 28, 2008 under the British Columbia Company Act. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. The Company has not commenced commercial operations. Its business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4). The Company announced on February 2, 2010 that it had completed its initial distribution of securities to the public and the shares of the Company were listed for trading on the TSX-V on February 5, 2010 with the trading symbol WON.P. On February 6, 2012 trading in the shares of the Company were halted on the TSX-V for failure to complete its Qualifying Transaction within 24 months of listing. On May 17, 2012 the TSX-V issued a bulletin stating that effective Friday, May 18, 2012, the Company's listing would transfer from the TSX-V to the TSX-V–NEX board and the Company's Tier classification and the Filing and Service Office would also change from the TSX-V to the TSX-V–NEX board. The Company's new trading symbol is WON.H. As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties, or businesses which would constitute a Qualifying Transaction pursuant to the policies of the TSX-V. Such a transaction will be subject to regulatory approval.

Description of Business (continued)

On March 9, 2016 the Company announced that it had entered into an agreement and plan of merger (“Definitive Agreement”) with Mobile Corporation ("Mobile") to provide for the completion of the acquisition of Mobile (the “Transaction”). The Transaction was initially announced by the Company in a press release dated October 21, 2015, indicating the Company and Mobile had entered into a non-binding letter of intent with respect to the Transaction. On October 5, 2016 the Company announced that it had terminated the agreement with Mobile.

On November 2, 2016 the Company entered into a Binding Term Sheet (“Term Sheet”) with an ASX-listed company, MMJ Phytotech Limited (ASX: MMJ) (“MMJ”), pursuant to which The Company has agreed, subject to certain conditions, to acquire 100% of the issued and outstanding shares ("Spin Out Companies Shares") of United Greeneries Holdings Ltd. ("United Greeneries") and Satipharm AG (“Satipharm”), both wholly owned subsidiaries of MMJ (together, the “Spin Out Companies”) , by way of an amalgamation, arrangement, share exchange agreement, or other similar form of business combination transaction (the "Transaction"). The Transaction is intended to constitute the Company’s Qualifying Transaction under the policies of the TSX Venture Exchange.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements.

At September 30, 2016, the Company had a working capital deficit of $6,629 (December 31, 2015 – working capital of $67,400). The Company has assessed it has sufficient funds to carry on business for the next twelve months. Should the Company require additional funds, it intends to raise those funds through share issuances and support from creditors and related parties. If such funds are not available, the Company may cease operations.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2016 the Company has accumulated operating losses of $ 327,507 (December 31, 2015 - $301,815) since inception, and incurred an operating loss of $25,692 during the nine month period ended September 30, 2015 (2015 - $17,951). The Company has been unsuccessful in completing a Qualifying Transaction. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The Company’s Board of Directors is comprised of Anne Chopra (President, CEO & CFO), Glen Macdonald and David Berg.

The address of the Company’s registered office is Suite 2102, 212 Davie Street, Vancouver, BC, V6B 5Z4.

Performance Summary

Selected Annual Information

The following table provides a brief summary of certain selected audited financial information of the Company for the years ended December 31, 2015, 2014 and 2013. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	Year Ended December 31, 2015 $	Year Ended December 31, 2014 $	Year Ended December 31, 2013 $
Total revenue	-	-	-
Net income (loss) for the period	(46,253)	(45,967)	(36,509)
Basic and diluted earnings (loss) per share [(1)]	(0.01)	(0.015)	(0.01)
Total assets	47,849	83,153	77,577
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

[(1)] The basic and diluted loss per share calculations result is the same amount due to the anti-dilutive effect of outstanding options.

Results of Operations

For the three and nine month periods ended September 30, 2016 the Company incurred losses of $2,083 and $27,776 respectively compared to losses of $22,260 and $40,211 for the three and nine month periods ended September 30, 2015. Included in the losses for the three and nine month periods ended September 30, 2016 was $3,683 and $10,480 respectively (September 30, 2015 – $2,677 & $9,173) for transfer agent and filing fees and $1,500 and $13,341 respectively (September 30, 2015 – $12,900 & $17,576) for professional fees. During the three month period ended September 30, 2016 the Company had a recovery of $3,100 (September 30, 2015 – expenses of $6,683) for general and administrative expenses. During the nine month period ended September 30, 2016 the Company incurred expenses of $3,955 (September 30, 2015 – $13,462) for general and administrative expenses.

Liquidity & Capital Resources

At September 30, 2016 the Company had a working capital deficiency of $6,629. The Company believes it has sufficient working capital to meet its anticipated financial obligations for the current year.

	September 30, 2016 $	December 31, 2015 $
Working capital (deficiency)	(6,629)	21,147
Deficit	(329,591)	(301,815)

Summary of Quarterly Results

The following table provides selected financial data for the Company's last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2016.

Three Months Ended	Sept. 30, 2016 $	June 30, 2016 $	Mar. 31, 2016 $	Dec. 31, 2015 $
Total revenue	-	-	-	-
Net gain (loss) for the period	(2,083)	(17,899)	(7,793)	(6,042)
Basic and diluted loss per share[1]	(0.00)	(0.00)	(0.00)	(0.00)

Three Months Ended	Sept. 30, 2015 $	June 30, 2015 $	Mar. 31, 2015 $	Dec. 31, 2014 $
Total revenue	-	-	-	-
Net gain (loss) for the period	(22,260)	(10,312)	(7,639)	(11,805)
Basic and diluted loss per share[1]	(0.01)	(0.00)	(0.00)	(0.00)

[1] The basic and diluted loss per share calculations result is the same amount due to the anti-dilutive effect of outstanding options.

Share Capital

a) Authorized:

Unlimited number of voting common shares
Unlimited number of preferred shares

b) At November 18, 2016 and September 30, 2016 there were 4,093,120 common shares issued and outstanding.

c) Escrow Shares:

At November 18, 2016 and September 30, 2016 there were 1,000,000 (December 31, 2015 – 1,000,000) common shares of the Company held in Escrow.

d) Outstanding Options, Warrants, Rights or other Derivatives:

On October 26,2016, the Company granted 400,000 incentive stock options to directors and officers of the Company The options are exercisable at $0.10 per share and expire on October 25, 2019.

At November 18, 2016 and September 30, 2016 there were no options, warrants, rights or other derivatives outstanding.

Accounting Policies and Estimates

The significant accounting policies of the Company are disclosed in Note 3 to the consolidated interim financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, and revenues and expenses. The Company's management reviews its estimates regularly.

Disclosure Controls

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by The Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's President and the Controller have concluded, based on their evaluation, the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to The Company, is made known to them by employees or third part consultants working for the Company. It should be noted that while the Company's President and Controller believe that its disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

Business Risks and Uncertainties

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company's amount receivable consists of input tax credits recoverable from the Government of Canada. As such, the Company believes the credit risk with respect to its amount receivable to be insignificant.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

At September 30, 2016, the Company had cash and cash equivalents of $15,842 to settle current liabilities of $22,471.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accrued liabilities that are denominated in a foreign currency. As at September 30, 2016, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

HARVEST ONE CAPITAL INC.
(the "Company")

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
(the "MD&A")

YEAR ENDED DECEMBER 31, 2015

The following information, prepared as of April 28, 2016, should be read together with the audited financial statements for the year ended December 31, 2015 and the related notes attached thereto. Readers are also encouraged to refer to the audited financial statements and MD&A for the year ended December 31, 2014 and related notes attached thereto. Accordingly, these audited financial statements and MD&A include the results of operations and cash flows for the year ended December 31, 2015, and the reader must be aware that historical results are not necessarily indicative of the future performance. All amounts are reported in Canadian dollars. The aforementioned documents can be accessed on the SEDAR web site www.sedar.com.

Unless otherwise stated, financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the audited financial statements.

MD&A contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The Company's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between profit or loss and cash flows from operating activities can be found in the statement of cash flows.

Certain statements contained in this management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of the Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

The Company was incorporated on August 28, 2008 under the British Columbia Company Act. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. The Company has not commenced commercial operations. Its business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4). The Company announced on February 2, 2010 that it had completed its initial distribution of securities to the public and the shares of the Company were listed for trading on the TSX-V on February 5, 2010 with the trading symbol WON.P. On February 6, 2012 trading in the shares of the Company were halted on the TSX-V for failure to complete its Qualifying Transaction within 24 months of listing. On May 17, 2012 the TSX-V issued a bulletin stating that effective Friday, May 18, 2012, the Company's listing would transfer from the TSX-V to the TSX-V–NEX board and the Company's Tier classification and the Filing and Service Office would also change from the TSX-V to the TSX-V–NEX board. The Company's new trading symbol is WON.H. As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties, or businesses which would constitute a Qualifying Transaction pursuant to the policies of the TSX-V. Such a transaction will be subject to regulatory approval.

Description of Business (continued)

On October 21, 2015 the Company announced that it had entered into a non-binding letter of intent (“LOI”) regarding a proposed transaction (“Transaction”) with Mobile Corporation (“Mobile”), a private Nevada corporation. The Company would acquire all of the issued and outstanding securities of Mobile which is a pre-revenue internet company. The acquisition, once completed, is intended to constitute the Company’s QT pursuant to Policy 2.4 of the Corporate Finance Manual of the TSX-V.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has accumulated operating losses of $301,815 since inception, and incurred an operating loss of $46,253 during the year ended December 31, 2015 (2014 - $45,967). The Company has been unsuccessful in completing a Qualifying Transaction. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

At December 31, 2015, the Company had working capital of $21,147 (December 31, 2014 – $67,400). The Company has assessed it has sufficient funds to carry on business for the next twelve months. Should the Company require additional funds, it intends to raise those funds through share issuances and support from creditors and related parties. If such funds are not available, the Company may cease operations.

The address of the Company’s registered office is #2102, 212 Davie Street, Vancouver, BC, V6B 5Z4.

The Company’s Board of Directors is comprised of Anne Chopra (President, CEO & CFO), Glen Macdonald and David Berg.

Performance Summary

Selected Annual Information

The following table provides a brief summary of certain selected audited financial information of the Company for the years ended December 31, 2015, 2014 and 2013. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	Year Ended December 31, 2015 $	Year Ended December 31, 2014 $	Year Ended December 31, 2013 $
Total revenue	-	-	-
Net income (loss) for the period	(46,253)	(45,967)	(36,509)
Basic and diluted earnings (loss) per share (1)	(0.01)	(0.015)	(0.01)
Total assets	47,849	83,153	77,577
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

(1) The basic and diluted loss per share calculations result is the same amount due to the anti-dilutive effect of outstanding options.

Results of Operations

For the year ended December 31, 2015

The Company incurred a loss of $46,253 for the year ended December 31, 2015 compared to a loss of $45,967 for the year ended December 31, 2014. Included in the losses for the year ended December 31, 2015 was $11,044 (December 31, 2014 – $13,398) for transfer agent and filing fees, $18,251 (December 31, 2014 – $16,959) for professional fees and $16,958 (December 31, 2014 – $15,610) for general and administrative expenses.

Liquidity & Capital Resources

At December 31, 2015 the Company had $21,147 of working capital. The Company believes it has sufficient working capital to meet its anticipated financial obligations for the current year.

	December 31, 2015 $	December 31, 2014 $
Working capital (deficiency)	21,147	67,400
Deficit	(301,815)	(255,562)

Summary of Quarterly Results

The following table provides selected financial data for the Company's last eight quarters ending with the most recently completed quarter, being the three months ended December 31, 2015.

Three Months Ended	Dec. 31, 2015 $	Sept. 30, 2015 $	June 30, 2015 $	Mar. 31, 2015 $
Total revenue	-	-	-	-
Net gain (loss) for the period	(6,042)	(22,260)	(10,312)	(7,639)
Basic and diluted loss per share[(1)]	(0.00)	(0.01)	(0.00)	(0.00)

Three Months Ended	Dec. 31, 2014 $	Sept. 30, 2014 $	June 30, 2014 $	March 31, 2014 $
Total revenue	-	-	-	-
Net gain (loss) for the period	(11,805)	(8,239)	(18,671)	(7,252)
Basic and diluted loss per share[(1)]	(0.00)	(0.00)	(0.01)	0.00

[(1)] The basic and diluted loss per share calculations result is the same amount due to the anti-dilutive effect of outstanding options.

Share Capital

a) Authorized:

Unlimited number of voting common shares
Unlimited number of preferred shares

b) At April 28, 2016 and December 31, 2015 there were 4,093,120 common shares issued and outstanding.

Share Capital (continued)

c) Escrow Shares:

At April 28, 2016 and December 31, 2015 there were 1,000,000 (December 31, 2014 – 1,000,000) common shares of the Company held in Escrow.

d) Outstanding Options, Warrants, Rights or other Derivatives:

At April 28, 2016 and December 31, 2015 there were no options, warrants, rights or other derivatives outstanding.

Accounting Policies and Estimates

The significant accounting policies of the Company are disclosed in Note 3 to the audited financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, and revenues and expenses. The Company's management reviews its estimates regularly.

Disclosure Controls

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by The Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's President and the Controller have concluded, based on their evaluation, the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to The Company, is made known to them by employees or third part consultants working for the Company. It should be noted that while the Company's President and Controller believe that its disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

New Standards, Amendments and Interpretations Not Yet Effective

The following accounting pronouncements became effective for the Company for the current fiscal year ending December 31, 2015 and were adopted as at January 1, 2015:

(a) IAS 24, Related Party Disclosures:

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and is assessing the impact of these new standards and amendments but they are not expected to have a material impact on the Company.

(b) The IASB intends to implement IFRS 9, Financial Instruments:

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

New Standards, Amendments and Interpretations Not Yet Effective (continued)

(c) The IASB intends to make amendments to IFRS 11, Joint Arrangements:

> On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

Business Risks and Uncertainties

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company's amount receivable consists of input tax credits recoverable from the Government of Canada. As such, the Company believes the credit risk with respect to its amount receivable to be insignificant.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Business Risks and Uncertainties (continued)

Liquidity risk (continued)

At December 31, 2015, the Company had cash and cash equivalents of $47,849 to settle current liabilities of $26,702.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accrued liabilities that are denominated in a foreign currency. As at December 31, 2015, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

APPENDIX C

FINANCIAL STATEMENTS OF UNITED GREENERIES AND SATIPHARM

Please see attached.

United Greeneries Holdings Ltd and Satipharm AG

Condensed Interim Combined Financial Statements

For the three and six months ended December 31, 2016 and 2015

United Greeneries Holdings Ltd and Satipharm AG
Contents
31 December 2016

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PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF UNITED GREENERIES HOLDINGS LIMITED AND SATIPHARM AG

As lead auditor for the review of the Combined Entity, consisting of United Greeneries Holdings Limited and Satipharm AG for the three and six month periods ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Combined Entity, consisting of United Greeneries Holdings Limited and Satipharm AG and the entities they controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 18 April 2017

United Greeneries Holdings Ltd and Satipharm AG
Condensed Interim Combined Statement of profit or loss and other comprehensive income
(Unaudited; Expressed in Canadian Dollars)

	Three Months Ended December 31, 2016 $	Three Months Ended December 31, 2015 $	**Six Months Ended December 31, 2016 $**	Six Months Ended December 31, 2015 $
REVENUE	**–**	243,852	**–**	261,504
COST OF SALES	**–**	(339,532)	**–**	(347,748)
GROSS LOSS	**–**	(95,680)	**–**	(86,244)
EXPENSES				
Employee benefits expense (Note 5)	**(38,453)**	(241,290)	**(230,400)**	(406,796)
Depreciation expenses (Note 5)	**578**	(19,501)	**(15,020)**	(23,502)
Share-based payments (Note 5)	**(130,941)**	–	**(255,675)**	–
Compliance and regulatory	**(213,200)**	(2,145)	**(308,202)**	(4,226)
Consultancy and legal expenses	**(4,790)**	(5,356)	**(4,790)**	(50,324)
Net gain/(loss) on foreign exchange (Note 5)	**23,390**	30,716	**(59,699)**	–
Finance costs (Note 5)	**(32,130)**	(42,152)	**(58,922)**	(60,772)
Other	**–**	–	**–**	(14,162)
Settlement cost	**–**	–	**–**	(375,000)
Marketing	**(68,096)**	(6,642)	**(124,870)**	(15,825)
Selling and distribution expenses	**–**	(102,693)	**–**	(102,693)
Administrative	**(59,978)**	(90,765)	**(238,890)**	(264,967)
	(523,620)	(479,828)**)**	**(1,296,468)**	(1,318,267)
LOSS BEFORE OTHER INCOME	**(523,620)**	(575,508)	**(1,296,468)**	(1,404,511)
OTHER INCOME				
Interest income	**2,042**	808	**4,077**	808
LOSS BEFORE INCOME TAXES	**(521,578)**	(574,700)	**(1,292,391)**	(1,403,703)
INCOME TAXES				
Income tax expense	**–**	–	**–**	–
OTHER COMPREHENSIVE INCOME				
Foreign currency translation (Note 14)	**26,079**	20,562	**7,487**	(16,415)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(495,499)**	(554,138)	**(1,284,904)**	(1,420,118)

The above condensed interim combined statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Condensed Interim Combined Statement of financial position
As at 31 December 2016

	Note	Combined 31 December 2016 $	30 June 2016 $
Assets			
Current assets			
Cash and cash equivalents	6	777,027	880,337
Trade and other receivables	7	514,862	338,306
Inventories	8	613,015	520,073
Total current assets		1,904,904	1,738,716
Non-current assets			
Property, plant and equipment	9	6,105,104	6,032,678
Total non-current assets		6,105,104	6,032,678
Total assets		8,010,008	7,771,394
Liabilities			
Current liabilities			
Trade and other payables	10	186,348	278,835
Borrowings	12	92,244	88,633
Loans due to related entity	11	9,890,150	8,486,056
Total current liabilities		10,168,742	8,853,524
Non-current liabilities			
Borrowings	12	336,473	383,848
Total non-current liabilities		336,473	383,848
Total liabilities		10,505,215	9,237,372
Net liabilities		(2,495,207)	(1,465,978)
Equity			
Issued capital	13	4,859,005	4,859,005
Reserves	14	470,295	207,133
Accumulated losses	15	(7,824,507)	(6,532,116)
Total deficiency in equity		(2,495,207)	(1,465,978)

The above condensed interim combined statement of financial position should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Condensed Interim Combined Statement of changes in equity
For the period ended 31 December 2016

Combined	**Issued capital $**	**Share based payments reserve $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 July 2015	1,197,986	-	-	(3,138,744)	(1,940,758)
Loss after income tax expense for the period	-	-	-	(1,403,703)	(1,403,703)
Other comprehensive income for the period, net of tax	-	-	(16,415)	-	(16,415)
Total comprehensive income for the period	-	-	(16,415)	(1,403,703)	(1,420,118)
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	-	-	-
Convertible debenture conversion to equity in United Greeneries Holdings Ltd	3,527,642	-	-	-	3,527,642
Convertible debenture conversion to equity in Satipharm AG	133,377	-	-	-	133,377
Balance at 31 December 2015	4,859,005	-	(16,415)	(4,542,447)	300,143

Combined	**Issued capital $**	**Share based payments reserves $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 July 2016	4,859,005	197,143	9,990	(6,532,116)	(1,465,978)
Loss after income tax expense for the period	-	-	-	(1,292,391)	(1,292,391)
Other comprehensive income for the period, net of tax	-	-	7,487	-	7,487
Total comprehensive income for the period	-	-	7,487	(1,292,391)	(1,284,904)
Transactions with owners in their capacity as owners:					
Share-based payments	-	255,675	-	-	255,675
Balance at 31 December 2016	4,859,005	452,818	17,477	(7,824,507)	(2,495,207)

The above condensed interim combined statement of changes in equity should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Condensed Interim Combined Statement of cash flows
For the period ended 31 December 2016

	Note	Combined 31 December 2016 $	31 December 2015 $
Condensed interim combined cash flows from operating activities			
Receipts from customers		-	261,504
Payments to suppliers and employees (inclusive of VAT)		(1,211,651)	(894,109)
Interest paid		(39,296)	(14,256)
Interest received		4,077	808
Net cash used in operating activities	23	(1,246,870)	(646,053)
Condensed interim combined cash flows from investing activities			
Payments for property, plant and equipment	9	(87,446)	(2,414,723)
Net cash used in investing activities		(87,446)	(2,414,723)
Condensed interim combined cash flows from financing activities			
Repayments of borrowings		(43,763)	(41,374)
Proceeds from issue of shares in Satipharm AG		-	133,377
Advances from related party - MMJ PhytoTech Ltd		1,274,769	3,031,779
Net cash from financing activities		1,231,006	3,123,782
Net decrease in cash and cash equivalents		(103,310)	63,006
Cash and cash equivalents at the beginning of the interim financial period		880,337	129,054
Cash and cash equivalents at the end of the interim financial period	6	777,027	192,060

The above condensed interim combined statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The condensed financial statements cover United Greeneries Holdings Ltd and Satipharm AG as a Combined entity consisting of United Greeneries Holdings Ltd and Satipharm AG and the entities it controlled at the end of, or during, the period. The condensed interim combined financial statements are presented in Canadian dollars. Satipharm AG was incorporated on 10 August 2015.

United Greeneries Holdings Ltd business activities include the progression of applications for cultivation and distribution licenses under the MMPR by Health Canada, with the ultimate goal being to grow and sell medicinal cannabis to the Canadian MC market. Segment assets include property, plant and equipment, infrastructure and expenditure relating to the Combined entity's two cannabis cultivation facilities in Canada.

Satipharm AG business activities include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market. Segment assets include cash, inventories, and key agreements with international partnerships for the production and distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

MMJ PhytoTech Limited is the ultimate holding company of United Greeneries Holdings Ltd and Satipharm AG. MMJ PhytoTech Limited is listed on the Australian Securities Exchange (ASX) under code (MMJ). The Condensed Interim Combined financial statements have been prepared for the purpose of the Qualifying Transaction announced on the ASX on 8 December 2016 and is described below.

On 8 December 2016, MMJ PhytoTech Limited (ASX: MMJ) ("MMJ" or the "Company") announced via the ASX that it has signed a definitive agreement with Canadian-based Harvest One Capital Corp. ("Harvest One") (TSXV NEX: WON.H). The definitive agreement outlines the sale of 100% of issued and outstanding shares (collectively, the "Purchased Shares") of United Greeneries Holdings Ltd ("UGH") and Satipharm AG ("Satipharm") to Harvest One. Completion of this transaction will constitute Harvest One's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange (the "Exchange")

As consideration for the Purchased Shares, Harvest One has agreed to pay $2 million and issue 53,333,333 common shares in the capital of Harvest One (on a post-consolidation basis), to a wholly-owned subsidiary of MMJ. This will be at an ascribed price of $0.75 per Harvest Share, representing approximately 98% of the issued and outstanding Harvest Shares pre-financing. Completion of the Qualifying Transaction is subject to, among other things, (i) approval from the Exchange and MMJ shareholders, which was sought at a meeting of shareholders on 9 January 2017; and (ii) completion of a financing for a minimum of $25 million. Post financing, MMJ will own approximately 70% of Harvest One. MMJ shareholders approved the transaction at the shareholders general meeting on 9 January 2017.

The condensed interim combined financial statements were authorised for issue, in accordance with a resolution of directors, on 18 April 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of preparation

These condensed interim combined financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and interpretations of the IFRS Interpretations Committee.

Statement of compliance

The Combined entity's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These financial statements do not included all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Combined entity for the year ended 30 June 2016 and any public announcements made by MMJ during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The condensed interim combined financial statements incorporate the assets and liabilities of all subsidiaries of United Greeneries Holdings Ltd and Satipharm AG as at 31 December 2016 and the results of all subsidiaries for the period then ended. United Greeneries Holdings Ltd and Satipharm AG and its subsidiaries together are referred to in these financial statements as the 'Combined entity'.

Subsidiaries are all those entities over which the Combined entity has control. The Combined entity controls an entity when the Combined entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Combined entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Combined entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Combined entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Combined entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Combined entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Canadian dollars. United Greeneries Holdings Ltd functional currency is Canadian dollars. Satipharm AG functional currency is Swiss franc.

Foreign currency transactions
Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Canadian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Canadian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Going Concern

This Interim combined financial report has been prepared on the basis that the Combined entity will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

Note 2. Significant accounting policies (continued)

During the period ended 31 December 2016, the Combined entity incurred losses of $1,292,391 (31 December 2015: $1,403,703), net cash outflows from operating activities of $1,246,870 (31 December 2015: $646,053), and at that date had net liabilities of $2,495,207 (30 June 2016: $1,465,978) and cash on hand of $777,027 (30 June 2016: $880,337).

The Combined entity's ability to continue as a going concern is dependent on the continued funding from the ultimate holding company MMJ PhytoTech Ltd, raising further capital, generating revenues from its operations and / or reducing costs.

These conditions indicate a material uncertainty that may cast a significant doubt about the Combined entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Combined entity will continue as a going concern, after consideration of the following factors:

- The ultimate holding company MMJ PhytoTech Ltd successfully completed a capital raising on 11 October 2016 for $3,984,000, which provided further operating funds to the Combined entity.
- $25 million of funding is expected to be raised from the Qualifying Transaction, which would be used to settle the Combined entity's liability to MMJ (see Note 11).

Should the Combined entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Combined Entity not continue as a going concern.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciable amount of all fixed assets is depreciated on a declining balance basis over the asset's useful life to the Combined entity commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Plant and Equipment	20%
Buildings	4%
Leasehold improvements	Straight line over lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Combined entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Share-based payment transactions
The Combined entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The Combined entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Combined entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The Combined entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Combined entity recognises liabilities for anticipated tax audit issues based on the Combined entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Combined entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating Segments

During the period to 31 December 2016, the Combined entity is organised into two operating segments:

(i) Cultivation (Canada); and
(ii) Processing and distribution (Switzerland);

Identification of reportable segments

The Combined entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments:

(i) Cultivation
Segment activities include the progression of applications for cultivation and distribution licenses under the MMPR by Health Canada, with the ultimate goal being to grow and sell medicinal cannabis to the Canadian MC market. Segment assets include property, plant and equipment, infrastructure and expenditure relating to the Combined entity's two cannabis cultivation facilities in Canada.

(ii) Processing and distribution
Segment activities include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market. Segment assets include cash, inventories, and key agreements with international partnerships for the production and distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the last annual financial statements of the Combined entity.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Combined entity as a whole and are not allocated. Segment liabilities include trade and other payables

For the three months ended 31 December 2016

	Cultivation $	Processing and distribution $	Total $
Revenue			
Sales to external customers	-	-	-
Total revenue	-	-	-
Cost of sales	-	-	-
Consultant and legal fees	(217)	(4,573)	(4,790)
Employee costs	(123,513)	85,060	(38,453)
Equity based payments	7,836	(138,777)	(130,941)
Other expenditures	(201,573)	(139,701)	(341,274)
Sub-total	(317,467)	(197,991)	(515,458)
Depreciation			578
Interest revenue			2,041
Finance costs			(32,130)
Net gain on foreign exchange			23,391
Loss before income tax expense			**(521,578)**
Income tax expense			**-**
Loss after income tax expense			**(521,578)**

For the six months ended 31 December 2016

	Cultivation $	Processing and distribution $	Total $
Revenue			
Sales to external customers	-	-	-
Total revenue	-	-	-
Cost of sales	-	-	-
Consultant and legal fees	(4,119)	(671)	(4,790)
Employee costs	(229,665)	(735)	(230,400)
Equity based payments	-	(255,675)	(255,675)
Other expenditures	(456,581)	(215,381)	(671,962)
Sub-total	(690,365)	(472,462)	(1,162,827)
Depreciation			(15,020)
Interest revenue			4,077
Finance costs			(58,922)
Net loss on foreign exchange			(59,699)
Loss before income tax expense			**(1,292,391)**
Income tax expense			**-**
Loss after income tax expense			**(1,292,391)**
As at 31 December 2016			
Total Assets	**7,259,865**	**750,143**	**8,010,008**
Total Liabilities	**7,965,172**	**2,540,043**	**10,505,215**
Net Liabilities	**(705,307)**	**(1,789,900)**	**(2,495,207)**

For the three months ended 31 December 2015

	Cultivation	Processing and distribution	Total
Revenue			
Sales to external customers	-	243,852	243,852
Total revenue	-	243,852	243,852
Cost of sales	-	(339,532)	(339,532)
Consultant and legal fees	(5,356)	-	(5,356)
Employee costs	(220,593)	(20,697)	(241,290)
Other expenditures	(86,592)	(115,653)	(202,245)
Sub-total	(312,541)	(232,030)	(544,571)
Depreciation			(19,501)
Interest revenue			808
Finance costs			(42,152)
Net income on foreign exchange			30,716
Loss before income tax expense			**(574,700)**
Income tax expense			**-**
Loss after income tax expense			**(574,700)**

For the six months ended 31 December 2015

	Cultivation	Processing and distribution	Total
Revenue			
Sales to external customers	-	261,504	261,504
Total revenue	-	261,504	261,504
Cost of sales	-	(347,748)	(347,748)
Consultant and legal fees	(43,371)	(6,953)	(50,324)
Employee costs	(369,738)	(37,058)	(406,796)
Other expenditures	(236,101)	(165,772)	(401,873)
Sub-total	(649,210)	(296,027)	(945,237)
Depreciation			(23,502)
Interest revenue			808
Finance costs			(60,772)
Settlement cost			(375,000)
Net loss on foreign exchange			-
Loss before income tax expense			**(1,403,703)**
Income tax expense			**-**
Loss after income tax expense			**(1,403,703)**

As at 30 June 2016			
Total Assets	**6,985,092**	**786,302**	**7,771,394**
Total Liabilities	**6,973,418**	**2,263,954**	**9,237,372**
Net Assets / (liabilities)	**11,674**	**(1,477,652)**	**(1,465,978)**

Note 5. Loss for the period

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	**Six Months Ended December 31, 2016**	Six Months Ended December 31, 2015
Loss before income tax includes the following specific expenses:				
Employee benefits expense	**(38,453)**	(241,290)	**(230,400)**	(406,796)
Depreciation	**578**	(19,501)	**(15,020)**	(23,502)
Share-based payments (Note 17)	**(130,941)**	–	**(255,675)**	–
Finance costs	**(32,130)**	(42,152)	**(58,922)**	(60,772)
Net foreign exchange income/(loss)	**23,390**	30,716	**(59,699)**	–

Note 6. Current assets - cash and cash equivalents

	Combined	
	31 December 2016 $	**30 June 2016 $**
Cash at bank	777,027	880,337

Note 7. Current assets - trade and other receivables

	Combined	
	31 December 2016 $	**30 June 2016 $**
*Loan to Director - A Gedeon	100,357	100,357
Other receivables	289,469	44,353
Prepayments	49,161	20,987
	338,630	65,340
VAT receivable	75,875	172,609
	514,862	338,306

The carrying amount of trade and other receivables approximates fair value due to short term nature.

* As at 31 December 2016 United Greeneries Holdings Ltd recorded a receivable of $100,357 for funds of $94,546 and accrued interest payable of $5,810 by Mr Andreas Gedeon, a director, under an unsecured loan agreement ("Loan"). The Loan incurs interest at a rate of 8% per annum and is repayable on or before 30 April 2017 and has been granted on arm's length, commercial terms.

Note 8. Current assets - inventories

	Combined 31 December 2016 $	Combined 30 June 2016 $
Finished goods - at cost	613,015	520,073
	613,015	520,073

Between December 2016 and January 2017, management conducted a review of inventory assets held by Satipharm for the purposes of ensuring that the amount of inventory recognised on the statement of financial position is not being carried at an amount higher than its recoverable amount. Due to issues related to Government approvals and the lack of pill sales activity between June 2016 to December 2016, management have taken a decision to impair $878,000 of inventory for the period ended 31 December 2016. The inventory relates to Satipharm AG which is based in Switzerland.

Note 9. Non-current assets - property, plant and equipment

	Combined 31 December 2016 $	Combined 30 June 2016 $
Land and buildings – at cost	1,402,981	1,393,600
Less: Accumulated depreciation	(148,574)	(146,792)
	1,254,407	1,246,808
Leasehold improvements - at cost	3,035,540	3,021,970
Less: Accumulated depreciation	(223,488)	(223,488)
	2,812,052	2,798,482
Plant and equipment - at cost	2,028,334	1,963,839
Less: Accumulated depreciation	(58,623)	(48,521)
	1,969,711	1,915,318
Office equipment - at cost	88,705	88,705
Less: Accumulated depreciation	(19,771)	(16,635)
	68,934	72,070
	6,105,104	6,032,678

Note 9. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Combined	Buildings $	Leasehold Improvements $	Plant & Equipment $	Office equipment $	Total $
Balance at 1 July 2015	1,246,808	1,692,749	92,035	18,594	3,050,186
Additions	-	1,105,733	1,839,390	64,332	3,009,455
Depreciation expense	-	-	(16,107)	(10,856)	(26,963)
Balance at 30 June 2016	1,246,808	2,798,482	1,915,318	72,070	6,032,678
Additions	9,381	13,570	64,495	-	87,446
Depreciation expense	(1,782)	-	(10,102)	(3,136)	(15,020)
Balance at 31 December 2016	1,254,407	2,812,052	1,969,711	68,934	6,105,104

Property, plant and equipment secured under finance leases
No debt has been secured against the Combined entity's property, plant and equipment.

Note 10. Current liabilities - trade and other payables

	Combined 31 December 2016 $	Combined 30 June 2016 $
Trade payables	71,519	33,647
Accrued expenses	63,566	198,430
Employee benefits	51,263	46,758
	186,348	278,835

The carrying amount of trade and other payables approximates fair value due to short term nature.

Note 11. Current liabilities - loans due to related entity

	Combined 31 December 2016 $	Combined 30 June 2016 $
Loans due to related entity - MMJ PhytoTech Ltd	9,890,150	8,486,056

The operational and funding requirements of the Combined entity are supported by MMJ. As part of the Qualifying Transaction discussed in note 1, a portion of the $25 million funding raised would be used to settle the Combined entity's liability to MMJ. $1,350,000 of the loan principal from MMJ is secured over UGH's inventory, property, plant and equipment. The interest rate charged on the $1,350,000 is 6.0% per annum and is payable in arrears at maturity on 21 October 2017. $139,686 of interest was accrued as at 31 December 2016. The balance of the loan payable of $8,400,464 is unsecured and interest free.

Note 12. Non-current liabilities - Borrowings

	Combined 31 December 2016 $	30 June 2016 $
Current	92,244	88,633
Non-Current	336,473	383,848
	428,717	472,481

The promissory note payable by the wholly owned subsidiary, United Greeneries Operations Ltd ("UGO") to Elk Valley Properties Ltd ("Lessor") is in connection with leasehold improvements and renovations undertaken at the Duncan Facility. The promissory note is unsecured and bares an interest rate of 5% per annum with monthly repayments. The principal amount outstanding as at 31 December 2016 is $92,244.

Note 13. Equity - issued capital

	Combined			
	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 $	30 June 2016 $
Ordinary shares - fully paid - UGH	51,000,000	51,000,000	4,725,628	4,725,628
Ordinary shares - fully paid – Satipharm	10,000	10,000	133,377	133,377
			4,859,005	4,859,005

Movements in ordinary share capital - UGH

Details	Date	Shares	Issue price	$
Balance	1 July 2015	67,660,749		1,197,986
Settlement of transaction termination (note 17)	2 July 2015	3,750,000	$0.10	375,000
Conversion of debentures	2 July 2015	78,795,460	$0.04	3,152,642
Elimination of common shares on amalgamation	2 July 2015	(150,206,209)		-
Merger of PhytoTech Medical Ltd and MMJ Bioscience Inc completed on 2 July 2015 with the formation of UGH which issued 51,000,000 shares to its parent company (balance after the conversion of debentures).	2 July 2015	51,000,000		-
Balance	30 June 2016	51,000,000		4,725,628
Balance	31 December 2016	51,000,000		4,725,628

Movements in ordinary share capital - Satipharm

Details	Date	Shares	Issue price	$
Balance	1 July 2015	-	-	-
Incorporation	10 August 2015	10,000	$13.34	133,377
Balance	30 June 2016	10,000		133,377
Balance	31 December 2016	10,000		133,377

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Combined entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Combined entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Combined entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Combined entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Combined entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 14. Equity - reserves

	Combined	
	31 December 2016 $	30 June 2016 $
Foreign currency reserve	17,477	9,990
Share-based payments reserve	452,818	197,143
	470,295	207,133

Movements in reserves
Movements in each class of reserve during the current financial period are set out below:

Combined	Total $
Balance at 1 July 2015	-
Share based payments reserve	197,143
Foreign currency translation reserve	9,990
Total reserves at 30 June 2016	207,133
Share based payments reserve	255,675
Foreign currency translation reserve	7,487
Total reserves at 31 December 2016	470,295

Share based payment reserve	Total $
Options reserve as at 30 June 2016	197,143
Balance at 30 June 2016	197,143
Options reserve as at 31 December 2016	255,675
Balance at 31 December 2016	452,818

Foreign currency translation reserve	Total $
Balance at 1 July 2015	-
Exchange differences on translation of foreign operation	9,990
Balance at 30 June 2016	9,990
Exchange differences on translation of foreign operation	7,487
Balance at the end of the period	17,477

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the value of equity benefits provided to directors as remuneration or to suppliers as payment for products and services. These options were issued by the ultimate holding company MMJ.

(ii) Foreign currency translation reserve
Exchange differences arising from translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the profit or loss when the net investment is disposed of.

Note 15. Equity - accumulated losses

	Combined	
	31 December 2016 $	30 June 2016 $
Accumulated losses at the beginning of the financial period	(6,532,116)	(3,138,744)
Loss after income tax expense for the period	(1,292,391)	(3,393,372)
Accumulated losses at the end of the financial period	(7,824,507)	(6,532,116)

Note 16. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 17. Share based payments

During the period ended 31 December 2016 the Combined Entity recognised a share based payment expense of $255,675 for the vesting of options issued to employees under the Combined Entity's Employee Share Options Plan. The fair value of the options issued has been determined using the Black-Scholes option valuation methodology.

Ms Daniela Vaschi was appointed as Chief Executive Officer of United Greeneries, effective from 1 July 2016. Ms Vaschi is entitled to an annual base salary of $98,000 per annum. Upon her appointment, Ms Vaschi held 285,000 Class H unlisted options exercisable at $0.26 on or before 31 January 2020. The Class H Options vest and become exercisable over a period of three years from 27 July 2015, such that one twelfth of the Options shall vest after each three month period following 27 July 2015. During the current period $4,757 (2015: $0) was expensed in respect of these Class H Options.

In addition to the above, during the period, the Combined Entity issued 4,000,000 new Class I Options to Stanislav Sologubov (CEO – Satipharm AG from 6 June 2016) under the Company's Employee Share Option Plan. These Options Have an exercise price of $0.23 and an expiry date of 6 June 2019. These Options vest and become exercisable over a period of two years from 6 June 2016 such that one quarter of the Options shall vest at the end of each six-month period following 6 June 2016. During the current period $259,881 (2015: $0) was expensed in respect of these Class I Options.

The fair value of the Class H and Class I options were determined using the Black-Scholes option valuation methodology with the following inputs:

	Class H Options	Class I Options
Exercise Price	$0.26	$0.23
Expiry Date	31 January 2020	6 June 2019
Issue Date	1 February 2016	6 June 2016
Risk Free Rate	2%	2%
Volatility	95%	95%
Value per Option	$0.195	$0.116
Total Options Issued	285,000	4,000,000
Total Value of Options	$55,615	$464,946
Amount expensed in Current period	$4,757	$259,881
Amount to be expensed in Future Years	$15,161	$173,242

On 2 July 2015 United Greeneries Holdings Ltd issued 3,750,000 common shares (note 13) to a non-related entity for the termination of an agreement previously entered into for the acquisition of the Combined Entity. The fair value of shares issued pursuant to the agreement was $375,000.

Note 18. Contingent liabilities

The Combined entity has no contingent liabilities as at 31 December 2016.

Note 19. Commitments

	Combined 31 December 2016 $	Combined 30 June 2016 $
Operating Lease Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	144,404	154,951
One to five years	469,422	535,866
	613,826	690,817
Finance Lease Commitments		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	110,244	110,244
One to five years	367,444	422,566
Total commitment	477,688	532,810
Less: Future finance charges	(50,826)	(60,329)
Net commitment recognised as liabilities	426,862	472,481

The finance lease is between wholly owned subsidiary, United Greeneries Operations Ltd ("UGO") and Elk Valley Properties Ltd ("Lessor") in connection with the lease of and leasehold improvements and renovations at the Duncan Facility funded by the Landlord to make the site fit for the permitted business purpose as a cannabis cultivation facility. The promissory note is unsecured, bares and interest rate of 5% per annum with monthly repayments. The initial term of the lease is 7 years through to April 2021, with options to extend for a further 5 years on the same terms and conditions.

The Combined entity has no other commitments for expenditure at 31 December 2016.

Note 20. Related party transactions

(a) Key Management Personnel

The following persons were Directors and Officers during the period ended 31 December 2016:

Peter Wall	Non-executive Director - United Greeneries Ltd & Satipharm AG
Andreas Gedeon	Managing Director - United Greeneries Ltd & Satipharm AG
Daniela Vaschi	CEO – United Greeneries Ltd
Stanislav Sologubov	CEO – Satipharm AG

MS Daniela Vaschi was appointed as Chief Executive Officer of United Greeneries, effective from 1 July 2016. Ms Vaschi is entitled to an annual base salary of $98,000 per annum. Upon her appointment, Ms Vaschi held 285,000 unlisted options exercisable at $0.27 on or before 31 January 2020 which were granted in a prior reporting period.

In addition to above, during the period the Company issued a further 4,000,000 unlisted options exercisable at $0.20 on or before 6 June 2019 as disclosed in the 30 June 2016 Annual Report, to Satipharm AG Chief Executive Officer, Mr Stanislav Sologubov, under the Company's employee incentive option plan.

In addition, an outstanding unsecured loan payable by Mr Gedeon to the Company was extended from 31 January 2017 to 30 April 2017. The details of the loan are discussed at Note 7.

(c) Loans due to Related Entity

Refer to note 11 for further information.

Note 21. Investments in controlled entities

Name	Principal place of business / Country of incorporation	Date of incorporation	Ownership interest 31 December 2016 %	Ownership interest 31 December 2015 %
United Greeneries Holdings Ltd	Canada	31 July 2015		
United Greeneries Ltd	Canada	25 June 2013	100.00%	100.00%
United Greeneries Operations Ltd	Canada	5 April 2013	100.00%	100.00%
United Greeneries Saskatchewan Ltd	Canada	14 April 2015	100.00%	100.00%
Satipharm AG	Switzerland	10 August 2015		
Satipharm Canada Limited	Canada	6 July 2015	100.00%	100.00%
Satipharm Australia Pty Ltd	Australia	8 December 2015	100.00%	100.00%

Note 22. Events after the reporting period

Subsequent to the end of the financial period, the Company made the following announcements:

- On 9 January 2017, MMJ shareholders approved the Harvest One transaction at the general meeting of shareholders held on that date.
- On 18 January 2017, MMJ advised that Canadian-based Harvest One Capital Inc. had launched a $15 million private placement ("the Placement") to finalise the acquisition of the Company's cannabis subsidiaries UG and Satipharm. The Harvest One Placement was completed on 23 February 2017, with Harvest One issuing 33,334,000 shares at C$0.75/share to raise $25 million before costs after a decision was made to increase the Placement in response to strong investor demand.
- On 8 March 2017, United Greeneries signed a ten year lease commencing 1 March 2017 renewable for a further term of ten years for the expansion lands totalling 13 acres executed by the Cowichan Tribes. The rental payment is $27,300 per year for the first five years and $31,395 per year for the subsequent five years.
- The first crop of cannabis was successfully harvested at the Duncan Facility, Canada in April 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Combined entity's operations, the results of those operations, or the Combined entity's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Combined	
	31 December 2016 $	31 December 2015 $
Loss after income tax expense for the period	(1,292,391)	(1,403,703)
Adjustments for:		
Depreciation and amortisation	15,020	23,502
Share-based payments	255,675	-
Other	-	14,162
Settlement cost	-	375,000
Change in operating assets and liabilities:		
Increase in inventories	(92,942)	(454,724)
Decrease in prepayments	(176,562)	(251,994)
Decrease in trade and other payables	44,330	1,051,704
Net cash used in operating activities	(1,246,870)	(646,053)

In the directors' opinion:

- the attached condensed interim combined financial statements and notes have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached condensed interim combined financial statements and notes give a true and fair view of the Combined entity's financial position as at 31 December 2016 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the Combined entity will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Andreas Gedeon
Managing Director

18 April 2017

United Greeneries Holdings Ltd and Satipharm AG

Combined Financial Statements - 30 June 2016

Directors	Peter Wall (Non-Executive Chairman) Andreas Gedeon (Managing Director)
Company secretary	Erlyn Dale
Registered office	Suite 5 145 Stirling Highway Nedlands WA, Australia 6009
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6000
Solicitors	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000
Bankers	National Australia Bank 1232 Hay St West Perth WA 6005

United Greeneries Holdings Ltd and Satipharm AG
Contents
30 June 2016

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF UNITED GREENERIES HOLDINGS LIMITED AND SATIPHARM AG

As lead auditor of the Combined Entity, consisting of United Greeneries Holdings Limited and Satipharm AG for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Combined Entity, consisting of United Greeneries Holdings Limited and Satipharm AG and the entities they controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 18 April 2017

United Greeneries Holdings Ltd and Satipharm AG
Combined Statements of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	30 June 2016 $ (Audited) 12 months	30 June 2015 $ (Unaudited) 6 months	31 December 2014 $ (Audited) 12 months
Revenue	5	246,699	-	31,996
Cost of sales		(319,827)	-	-
Gross loss		(73,128)	-	31,996
Other Income				
Interest Income	5	5,814	-	-
Expenses				
Employee benefits expense	6	(793,516)	(355,936)	(575,971)
Depreciation expense	6	(26,963)	(176,737)	(231,736)
Share based payments	6	(197,143)	(300,000)	-
Compliance and regulatory		(123,100)	(4,674)	(4,087)
Consultants fees		(185,151)	(120,173)	(273,820)
Selling and distribution		(23,323)	-	-
Finance costs	6	(123,414)	(183,179)	(148,000)
Other		(14,162)	-	-
Settlement costs	20	(375,000)	-	-
Marketing		(30,835)	-	-
Occupancy		(48,503)	(87,949)	(132,430)
Net foreign exchange loss	6	(19,700)	-	-
Impairment of inventory	10	(878,000)	-	-
Administration		(487,248)	(234,764)	(315,074)
Loss before income tax expense		(3,393,372)	(1,463,412)	(1,649,122)
Income tax expense	7	-	-	-
Loss after income tax expense for the year attributable to the owners of United Greeneries Holdings Ltd and Satipharm AG		(3,393,372)	(1,463,412)	(1,649,122)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	17	9,990	-	-
Other comprehensive income for the year, net of tax		9,990	-	-
Total comprehensive income for the year attributable to the owners of United Greeneries Holdings Ltd and Satipharm AG		(3,383,382)	(1,463,412)	(1,649,122)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Combined Statements of financial position
As at 30 June 2016

	Note	30 June 2016 $ (Audited)	30 June 2015 $ (Unaudited)	31 December 2014 $ (Audited)
Assets				
Current assets				
Cash and cash equivalents	8	880,337	129,054	-
Trade and other receivables	9	338,306	39,443	79,941
Inventories	10	520,073	-	-
Total current assets		1,738,716	168,497	79,941
Non-current assets				
Deposits	9	-	57,028	51,594
Advance to Satipharm	24	-	502,917	-
Property, plant and equipment	11	6,032,678	3,050,186	2,631,107
Total non-current assets		6,032,678	3,610,131	2,682,701
Total assets		7,771,394	3,778,628	2,762,642
Liabilities				
Current liabilities				
Bank indebtedness		-	-	4,717
Trade and other payables	12	278,835	300,796	472,542
Borrowings	14	88,633	118,424	110,244
Loans due to related entity	13	8,486,056	1,435,666	-
Convertible debentures	15	-	3,417,944	2,731,096
Convertible debentures subscriptions	15	-	-	195,750
Total current liabilities		8,853,524	5,272,830	3,514,349
Non-current liabilities				
Borrowings	14	383,848	446,556	487,164
Total non-current liabilities		383,848	446,556	487,164
Total liabilities		9,237,372	5,719,386	4,001,513
Net liabilities		(1,465,978)	(1,940,758)	(1,238,871)
Equity				
Issued capital	16	4,859,005	1,197,986	436,461
Reserves	17	207,133	-	-
Accumulated losses	18	(6,532,116)	(3,138,744)	(1,675,332)
Total deficiency in equity		(1,465,978)	(1,940,758)	(1,238,871)

The above statements of financial position should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Combined Statement of changes in equity
For the year ended 30 June 2016

Combined	**Issued capital $**	**Share based payments reserves $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 January 2014	12,000	-	-	(26,210)	(14,210)
Loss after income tax expense for the year	-	-	-	(1,649,122)	(1,649,122)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,649,122)	(1,649,122)
Transactions with owners in their capacity as owners:					
Shares issued for acquisition of 0966792 B.C Ltd	365,761	-	-	-	365,761
Issuance of common shares for cash	58,000	-	-	-	58,000
Repurchase of common shares for cash	(800)	-	-	-	(800)
Issuance of bonus shares	1,500	-	-	-	1,500
Balance at 31 December 2014	436,461	-	-	(1,675,332)	(1,238,871)

Combined	**Issued capital $**	**Share based payments reserves $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 January 2015	436,461	-	-	(1,675,332)	(1,238,871)
Loss after income tax expense for the period	-	-	-	(1,463,412)	(1,463,412)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,463,412)	(1,463,412)
Transactions with owners in their capacity as owners:					
Issuance of common shares for cash	463,075	-	-	-	463,075
Issuance of common shares for services rendered	300,000	-	-	-	300,000
Finder's fees	(1,550)	-	-	-	(1,550)
Balance at 30 June 2015	1,197,986	-	-	(3,138,744)	(1,940,758)

The above combined statement of changes in equity should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Combined Statement of changes in equity
For the year ended 30 June 2016

	Issued capital $	Share based payments reserves $	Foreign currency translation reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2015	1,197,986	-	-	(3,138,744)	(1,940,758)
Loss after income tax expense for the year	-	-	-	(3,393,372)	(3,393,372)
Other comprehensive income for the year, net of tax	-	-	9,990	-	9,990
Total comprehensive income for the year	-	-	9,990	(3,393,372)	(3,383,382)
Transactions with owners in their capacity as owners:					
Share-based payments	-	197,143	-	-	197,143
Convertible debenture conversion to equity in United Greeneries Holdings Ltd	3,527,642	-	-	-	3,527,642
Capital contributed on incorporation of Satipharm AG	133,377	-	-	-	133,377
Balance at 30 June 2016	4,859,005	197,143	9,990	(6,532,116)	(1,465,978)

The above statement of changes in equity should be read in conjunction with the accompanying notes

United Greeneries Holdings Ltd and Satipharm AG
Combined Statements of cash flows
For the year ended 30 June 2016

	Note	Combined 30 June 2016 $ (Audited) 12 months	30 June 2015 $ (Unaudited) 6 months	31 December 2014 $ (Audited) 12 months
Cash flows from operating activities				
Receipts from customers		159,319	11,481	20,515
Payments to suppliers and employees		(2,583,461)	(951,659)	(997,575)
Interest paid		(31,864)	(32,429)	(22,404)
Net cash used in operating activities	29	(2,456,006)	(972,607)	(999,464)
Cash flows from investing activities				
Payments for property, plant and equipment	11	(3,009,455)	(595,816)	(1,813,285)
Advance to Satipharm	24	-	(502,916)	-
Loan to Director		(100,357)	-	-
Net cash used in investing activities		(3,109,812)	(1,098,732)	(1,813,285)
Cash flows from financing activities				
Repayment of borrowings		(77,452)	(4,717)	(47,875)
Proceeds from issue of shares in Satipharm AG		133,377	-	-
Advances from related party - MMJ PhytoTech Ltd		6,261,176	1,435,666	-
Proceeds from issuance of common shares net of repurchases		-	461,525	57,200
Proceeds from issuance of convertible debentures			307,919	2,801,250
Net cash from financing activities		6,317,101	2,200,393	2,810,575
Net increase in cash and cash equivalents		751,283	129,054	(2,174)
Cash and cash equivalents at the beginning of the financial year		129,054	-	2,174
Cash and cash equivalents at the end of the financial year	8	880,337	129,054	-

The above statements of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

These financial statements present the operations of the Company on a comparative basis. The financial statements of the operations for the 6 month period ending 30 June 2015 and the 12 month period ending 31 December 2014 (12 months) were presented in the consolidated accounts of MMJ Bioscience Inc. Through the various corporate transactions noted below, the operations for the 12 months ending 30 June 2016 are presented in the combined accounts of United Greeneries Holdings Ltd and Satipharm AG.

The 30 June 2015 financial statements (interim 6 months - unaudited) and the 31 December 2014 (12 months) financial statements represent the accounts of the consolidated accounts of MMJ Bioscience Inc. from February 14, 2014 onwards being the date of its incorporation. The Company's principal business was the cultivation, curing, testing, sale and distribution of medical marihuana, federally regulated and controlled under the Controlled Drugs and Substances Act, The Food and Drug Act and the ACMPR. The merger of PhytoTech Medical Ltd and MMJ Bioscience Inc. completed on 2 July 2015 with the formation of United Greeneries Holdings Ltd which issued 51,000,000 shares to its parent company.

The 30 June 2016 financial statements cover United Greeneries Holdings Ltd and Satipharm AG as a Combined entity consisting of United Greeneries Holdings Ltd and Satipharm AG and the entities they controlled at the end of, or during, the year. The financial statements are presented in Canadian dollars. Satipharm AG was incorporated on 10 August 2015.

United Greeneries Holdings Ltd business activities include the progression of applications for cultivation and distribution licenses under the MMPR by Health Canada, with the ultimate goal being to grow and sell medicinal cannabis to the Canadian MC market. Segment assets include property, plant and equipment, infrastructure and expenditure relating to the Combined entity's two cannabis cultivation facilities in Canada.

Satipharm AG business activities include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market. Segment assets include cash, inventories, and key agreements with international partnerships for the production and distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

MMJ PhytoTech Limited is the ultimate holding company of United Greeneries Holdings Ltd and Satipharm AG. MMJ PhytoTech Limited is listed on the Australian Securities Exchange (ASX) under code (MMJ). The Combined financial statements have been prepared for the purpose of the Qualifying Transaction announced on the ASX on 8 December 2016 and is described below.

MMJ PhytoTech Limited (ASX: MMJ) ("MMJ" or the "Company") announced on 8 December 2016 via the ASX that it has signed a definitive agreement with Canadian-based Harvest One Capital Corp. ("Harvest One") (TSXV NEX: WON.H). The definitive agreement outlines the sale of 100% of issued and outstanding shares (collectively, the "Purchased Shares") of United Greeneries Holdings Ltd ("UGH") and Satipharm AG ("Satipharm") to Harvest One. Completion of this transaction will constitute Harvest One's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange (the "Exchange"). Prior to completing the Qualifying Transaction, Harvest One will complete a consolidation of its issued and outstanding common shares (the "Harvest Shares" and each a "Harvest Share") at a 1.179 for 1 consolidation ratio. As consideration for the Purchased Shares, Harvest One has agreed to pay $2 million and issue 53,333,333 common shares in the capital of Harvest One (on a post-consolidation basis), to a wholly-owned subsidiary of MMJ. This will be at an ascribed price of $0.75 per Harvest Share, representing approximately 98% of the issued and outstanding Harvest Shares pre-financing. Completion of the Qualifying Transaction is subject to, among other things, (i) approval from the Exchange and MMJ shareholders, which will be sought at a meeting of shareholders on 9 January 2017; and (ii) completion of a financing for a minimum of $25 million. Post financing, MMJ will own approximately 70% of Harvest One. Following the completion of the Qualifying Transaction, Harvest One will be renamed Sol Growth Corp. (TSXV: SOL). MMJ shareholders approved the transaction at the shareholders general meeting on 9 January 2017.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 April 2017. The directors have the power to amend and reissue the financial statements. As MMJ effectively acquired of UGH in July 2015 and Satipharm was incorporated in August 2015, no comparatives have been included in the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and interpretations of the IFRS Interpretations Committee.

Historical cost convention
The financial statements have been prepared on the historical costs basis except for certain financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as detailed in the entities accounting policies.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Combined entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation
The Combined financial statements incorporate the assets and liabilities of all subsidiaries of United Greeneries Holdings Ltd and Satipharm AG as at 30 June 2016 and the results of all subsidiaries for the year then ended. United Greeneries Holdings Ltd and Satipharm AG and its subsidiaries together are referred to in these financial statements as the 'Combined entity'.

The Consolidated financial statements for 30 June 2015 (interim 6 months -unaudited) and 31 December 2014 (12 months) include the following:

- 0966792 BC Ltd. (“92 BC”), United Greeneries Ltd. (“Greeneries”), MMJ Bioscience Inc, and Duncan Bioscience International Inc.

Subsidiaries are all those entities over which the Combined entity has control. The Combined entity controls an entity when the Combined entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Combined entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Combined entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Combined entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Combined entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Combined entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Combined entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Combined entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Combined entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Borrowings and Convertible Notes

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.
Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Foreign currency translation
The financial statements are presented in Canadian dollars. United Greeneries Holdings Ltd functional currency is Canadian dollars. Satipharm AG functional currency is Swiss franc.

Foreign currency transactions
Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Canadian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Canadian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Going Concern
This financial report has been prepared on the basis that the Combined entity will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

During the year ended 30 June 2016, the Combined entity incurred losses of $3,393,372, net cash outflows from operating activities of $2,456,006, and at that date had net liabilities of $1,465,978 and cash on hand of $880,337.

Note 2. Significant accounting policies (continued)

The Combined entity's ability to continue as a going concern is dependent on the continued funding from the ultimate holding company MMJ PhytoTech Ltd, raising further capital, generating revenues from its operations and / or reducing costs.

These conditions indicate a material uncertainty that may cast a significant doubt about the Combined entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Combined entity will continue as a going concern, after consideration of the following factors:

- The ultimate holding company MMJ PhytoTech Ltd successfully completed a capital raising on 11 October 2016 for $3,984,000, which provided further operating funds to the Combined entity.

- $25 million of funding is expected to be raised from the Qualifying Transaction, which would be used to settle the Combined entity's liability to MMJ (see Note 13).

Should the Combined entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Combined Entity not continue as a going concern.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Combined entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue stated is net of value added tax ("VAT").

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Operating segments
Operating segments are components of the Combined entity that engage in business activities from which they may earn revenues and incur expenses. They are reported in a manner consistent with the internal reporting to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors ("Board").

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Combined entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Combined entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Combined entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Combined entity is able to use or sell the asset; the Combined entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Provisions
Provisions are recognised when the Combined entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Combined entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

The depreciable amount of all fixed assets is depreciated on a declining balance basis over the asset's useful life to the Combined entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Plant and Equipment	20%
Office Equipment	20%
Buildings	4%
Leasehold improvements	Straight line over lease term.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Combined entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Combined entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred. Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits
Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Retirement benefit obligations
All employees of the Combined entity are entitled to benefits from the Combined entity's superannuation plan on retirement, disability or death. The Combined entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the Combined entity and the Combined entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Combined entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Combined entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Combined entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Capital Risk Management
Capital risk management The Combined entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to fund investment opportunities in the medical cannabis industry. Consistent with others in the industry, the Combined entity monitors capital on the basis of working capital requirements.

In 2015, financial support was provided by related party, MMJ PhytoTech Ltd that mitigated the liquidity risk as at December 2014.

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Cash and cash equivalents	880,337	129,054	-
Trade and other receivables	338,306	39,443	79,941
Trade and other payables	(278,835)	(300,796)	(472,542)
Borrowings and overdraft	(472,481)	(564,980)	(602,125)
Working capital position	467,327	(697,279)	(994,726)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Value Added Tax (VAT') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Combined entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The Combined entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Combined entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The Combined entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Combined entity recognises liabilities for anticipated tax audit issues based on the Combined entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Combined entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Operating Segments

The operations for the Consolidated entity MMJ Bioscience Inc. financial statements for 30 June 2015 (interim 6 months - unaudited) and 31 December 2014 (12 months) mainly related to the cultivation, curing, testing, sale and distribution of medical marihuana in Canada, federally regulated and controlled under the Controlled Drugs and Substances Act, The Food and Drug Act and the ACMPR. The operations were organised in the single Cultivation (Canada) segment.

During the year to 30 June 2016, the Combined entity is organised into two operating segments:

(i) Cultivation (Canada); and
(ii) Processing and distribution (Switzerland);

Identification of reportable segments

The Combined entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments:

(i) Cultivation
Segment activities include the progression of applications for cultivation and distribution licenses under the MMPR by Health Canada, with the ultimate goal being to grow and sell medicinal cannabis to the Canadian MC market. Segment assets include property, plant and equipment, infrastructure and expenditure relating to the Combined entity's two cannabis cultivation facilities in Canada.

(ii) Processing and distribution
Segment activities include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market. Segment assets include cash, inventories, and key agreements with international partnerships for the production and distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the financial statements of the Combined entity.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Combined entity as a whole and are not allocated. Segment liabilities include trade and other payables

For the year ended 30 June 2016

	Cultivation	Processing and distribution	Total
Revenue			
Sales to external customers	-	246,699	246,699
Total revenue	-	246,699	246,699
Cost of sales	-	(319,827)	(319,827)
Consultant and legal fees	(61,090)	(120,061)	(181,151)
Employee costs	(724,792)	(68,724)	(793,516)
Equity based payments	(165,143)	(32,000)	(197,143)
Other expenditures	(561,474)	(155,535)	(717,009)
Impairment of inventory	-	(878,000)	(878,000)
Sub-total	(1,512,499)	(1,327,448)	(2,839,947)
Depreciation			(26,963)
Interest revenue			5,814
Finance costs			(123,414)
Settlement costs			(375,000)
Other			(14,162)
Net loss on foreign exchange			(19,700)
Loss before income tax expense			**(3,393,372)**
Income tax expense			**-**
Loss after income tax expense			**(3,393,372)**
As at 30 June 2016			
Total Assets	**6,985,092**	**786,302**	**7,771,394**
Total Liabilities	**6,973,418**	**2,263,954**	**9,237,372**
Net Liabilities	**11,674**	**(1,477,652)**	**(1,465,978)**

Note 5. Revenue

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Sales revenue	246,699	-	31,996
Other revenue			
Interest	5,814	-	-
Revenue	252,513	-	31,996

Note 6. Loss for the year

	Combined 30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Loss before income tax includes the following specific expenses:			
Depreciation	26,963	176,737	231,736
Finance costs	123,414	183,179	148,000
Employee benefits expense	793,516	355,936	575,971
Share-based payments expense (note 20)(30 June 2015: note 24)	197,143	300,000	-
Net foreign exchange loss	19,700	-	-
Impairment of Inventory (note 10)	878,000	-	-

Note 7. Income tax benefit

	Combined 30 June 2016 $	31 December 2014 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	(3,393,372)	(1,649,122)
Tax benefit at the effective tax rate of 28.3% ; (2016: 28.3% based on Canadian and Switzerland rates; 2014:13.5%, Canada Only)	(960,324)	(223,000)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Change in statutory tax rates and other	-	(5,000)
Permanent differences	-	5,000
Change in unrecognised deductible temporary differences	-	223,000
Share-based payments	55,791	-
Deferred tax balances not recognised	904,533	-
Income tax benefit	-	-

* Tax losses of $3,196,229 have not been recognised.

Note 8. Current assets - cash and cash equivalents

	Combined 30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Cash at bank	880,337	129,054	-

Note 9. Trade and other receivables

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Current trade and other receivables			
*Loan to Director - Andreas Gedeon	100,357	-	-
Loans due from related entities	-	-	-
	100,357	-	-
Trade and other receivables	44,353	-	12,422
Prepayments	20,987	13,415	15,422
VAT Receivable	172,609	26,028	52,097
	237,949	39,443	79,941
Total current trade and other receivables	338,306	39,443	79,941
Non-current trade and other receivables			
Deposits (Long-term deposits on leased premises and on accounts)	-	57,028	51,594
Total non-current trade and other receivables	-	57,028	51,594

Refer to note 21 for further information on financial instruments.

The combined entity's exposure to liquidity and foreign exchange risk related to trade and other payable is disclosed in note 21. Trade and other receivables are generally due for settlement within 30 days and therefore are all classified as current. The carrying amount approximates fair value due to short term nature.

* As at 30 June 2016 United Greeneries Holdings Ltd recorded a receivable of $100,357 for funds of $94,547 and accrued interest receivable of $5,810 from Mr Andreas Gedeon, a director, under an unsecured loan agreement ("Loan"). The Loan incurs interest at a rate of 8% per annum and is repayable on or before 30 April 2017 via remuneration and has been granted on arm's length, commercial terms.

Note 10. Current assets - inventories

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Finished goods - at cost	520,073	-	-
	520,073	-	-

Between December 2016 and January 2017, management conducted a review of inventory for the purposes of ensuring that the amount of inventory recognised on the statement of financial position is not being carried at an amount higher than its recoverable amount. Due to issues related to Government approvals and the lack of sales activity between June 2016 to December 2016, management have decided to impair $878,000 of inventory for the year ended 30 June 2016.

Note 11. Non-current assets - property, plant and equipment

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Land and buildings - at cost	1,393,600	1,393,600	1,349,813
Less: Accumulated depreciation	(146,792)	(146,792)	(99,934)
	1,246,808	1,246,808	1,249,879
Leasehold improvements - at cost	3,021,970	1,916,237	1,406,254
Less: Accumulated depreciation	(223,488)	(223,488)	(113,027)
	2,798,482	1,692,749	1,293,227
Plant and equipment - at cost	1,963,839	124,449	88,918
Less: Accumulated depreciation	(48,521)	(32,414)	(15,931)
	1,915,318	92,035	72,987
Office equipment - at cost	88,705	24,373	17,858
Less: Accumulated depreciation	(16,635)	(5,779)	(2,844)
	72,070	18,594	15,014
	6,032,678	3,050,186	2,631,107

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Buildings $	Leasehold Improvements $	Plant & Equipment $	Office equipment $	Total $
Balance at 1 January 2014	-	-	-	-	-
Additions	1,349,813	1,406,254	88,918	17,858	2,862,843
Depreciation expense	(99,934)	(113,027)	(15,931)	(2,844)	(231,736)
Balance at 31 December 2014	1,249,879	1,293,227	72,987	15,014	2,631,107

	Buildings $	Leasehold Improvements $	Plant & Equipment $	Office equipment $	Total $
Balance at 1 January 2015	1,249,879	1,293,227	72,987	15,014	2,631,107
Additions	43,787	509,983	35,531	6,515	595,816
Depreciation expense	(46,858)	(110,461)	(16,483)	(2,935)	(176,737)
Balance at 30 June 2015	1,246,808	1,692,749	92,035	18,594	3,050,186

Combined	Buildings $	Leasehold Improvements $	Plant & Equipment $	Office equipment $	Total $
Balance at 1 July 2015	1,246,808	1,692,749	92,035	18,594	3,050,186
Additions	-	1,105,733	1,839,390	64,332	3,009,455
Depreciation expense [(i)]	-	-	(16,107)	(10,856)	(26,963)
Balance at 30 June 2016	1,246,808	2,798,482	1,915,318	72,070	6,032,678

Property, plant and equipment secured under finance leases
No debt has been secured against the Combined entity's property, plant and equipment.
[(i)] Due to a change in business activity and upon completion of the acquisition of the Combined Entity by MMJ PhytoTech Ltd (previously "PhytoTech Medical Ltd"), the Duncan facility was no longer considered to be ready for use and no depreciation was recorded during the current year.

Note 12. Current liabilities - trade and other payables

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Trade payables	32,167	117,404	308,027
Accrued expenses	198,430	53,063	164,515
Employee benefits	46,758	-	-
Other payables	1,480	130,329	-
	278,835	300,796	472,542

Refer to note 21 for further information on financial instruments.

The Combined entity's exposure to liquidity and foreign exchange risk related to trade and other payable is disclosed in note 21. The carrying amount approximates fair value due to short term nature.

Note 13. Current liabilities - loans due to related entity

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Loans due to related entity - MMJ PhytoTech Ltd (“MMJ”)	8,486,056	1,435,666	-

The operational and funding requirements of the Combined entity are supported by MMJ. As part of the Qualifying Transaction discussed in note 1, a portion of the $25 million funding raised would be used to settle the Combined entity’s liability to MMJ. $1,350,000 of the loan principal from MMJ is secured over UGH’s inventory, property, plant and equipment. The interest rate charged on the $1,350,000 is 6.0% per annum and is payable in arrears at maturity on 21 October 2017. As at 30 June 2016, $7,136,056 of the loan payable is unsecured and interest free.

As at 30 June 2015, MMJ Bioscience Inc. owed principal and interest totalling $1,361,775 and to MMJ PhytoTech Ltd. MMJ Bioscience Inc. also owed $73,891 for expenses paid on its behalf.

Note 14. Non-current liabilities - Borrowings

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Current	88,633	118,424	110,244
Non-Current	383,848	446,556	487,164
	472,481	564,980	597,408

Refer to note 21 for further information on financial instruments.

A promissory note was originally issued in April 2014 by a related entity, payable by the wholly owned subsidiary, United Greeneries Operations Ltd ("UGO") to Elk Valley Properties Ltd ("Lessor") in connection with leasehold improvements and renovations undertaken at the Duncan Facility. The unsecured promissory note was issued in the amount of $650,000, bearing interest at 5% per annum. Monthly principal and interest is payable to the Lessor total $9,186 for 84 months with the first payment made in June 2014 and the final due in April 2021. The principal amount outstanding as at 30 June 2016 is $472,481.

Note 15. Non-current liabilities – Convertible debentures

During the year ended December 31, 2014, MMJ Bioscience Inc. issued secured convertible debentures ("convertible debentures") in the principal amount of $2,605,500 bearing interest at 10% per annum.

The principal amount of the convertible debentures was payable on the earlier of one year from the date of issue or on event of default in accordance with the terms of the convertible debentures. The principal amount plus accrued and unpaid interest of a convertible debenture was convertible at the option of the holder into units of MMJ Bioscience Inc. at a conversion price of $0.05 at any time prior to the maturity date of the convertible debentures. Each unit will consist of one MMJ Bioscience Inc. preferred share and one share purchase warrant of MMJ Bioscience Inc. (each a "Warrant"), with each Warrant exercisable into one MMJ Bioscience Inc. preferred share at a price of $0.125 per share for a period of five years from the date of issuance of the Warrant or three years from the listing of the MMJ Bioscience Inc. Shares on a stock exchange in Canada.

As a condition precedent of to the merger PhytoTech Medical Ltd and MMJ Bioscience Inc. on 2 July 2015, the terms of the debentures were amended on approval by majority of holders of the convertible debentures to, (i) allow for the principal and interest to be converted at a price of $0.04 per MMJ common share immediately prior to the settlement, and (ii) cancel the warrants issuable under the Debentures, and (iii) the common shares issuable under the Debentures being subject to Voluntary Escrow.

During the year ended December 31, 2014, the Company accrued interest payable of $125,596 on the convertible debentures including on the convertible debentures subscriptions, which were issued on February 4, 2015. Interest expense was accrued on these debentures before issuance as a result of their terms. Interest was accrued beginning on dates ranging from December 8, 2014 to December 13, 2014.

MMJ PhytoTech Medical Ltd (formerly PhytoTech Medical Ltd) subscribed for secured debenture securities issued by the Company with a face value of CA$275,000. The debenture was secured over property owned by United Greeneries Holdings Ltd and incurred interest at a rate of 10% per annum. The debenture was settled as part of the acquisition transaction by MMJ PhytoTech Ltd.

In July 2015 $265,302 of debentures were redeemed for cash from debenture holders electing not to participate in the settlement of debentures via the issue of shares in MMJ PhytoTech Medical Ltd (formerly PhytoTech Medical Ltd).

On July 2, 2015, the conversion of the debentures amounted to $3,152,642 of equity in United Greeneries Holdings Ltd (formerly MMJ Bioscience Inc.).

Convertible debenture subscriptions
On February 4, 2015, the Company issued convertible debentures in the principal amount of $411,532. Proceeds of $195,750 recorded as convertible debentures subscriptions were received prior to December 31, 2014 and proceeds of $215,782 were received subsequent thereto.

Note 16. Equity - issued capital

	Combined Shares	Combined 31 Dec 2014 $
Ordinary shares - fully paid – MMJ Bioscience Inc.	60,029,999	436,461
		436,461

	Combined Shares	Combined 30 Jun 2015 (unaudited) $
Ordinary shares - fully paid – MMJ Bioscience Inc.	67,660,749	1,197,986
		1,197,986

	Combined Shares	Combined 30 Jun 2016 $
Ordinary shares - fully paid – UGH	51,000,000	4,725,628
Ordinary shares - fully paid – Satipharm	10,000	133,377
		4,859,005

Movements in ordinary share capital – UGH

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2014	12,000,001		12,000
Adjustment for acquisition of United Greeneries	14 February 2014	(12,000,001)		-
Shares issued for United Greeneries	14 February 2014	12,000,001		-
Issue of common shares for cash	14 February 2014	17,999,999	$0.001	18,000
Issue of common shares for cash	3 March 2014	400,000	$0.05	20,000
Repurchase of common shares for cash	3 March 2014	(400,000)	$0.001	(400)
Issuance of bonus shares	3 March 2014	30,000	$0.05	1,500
Share issued for acquisition of 0966792 B.C Ltd	12 March 2014	29,999,999	-	365,761
Issue of common shares for cash	13 March 2014	400,000	$0.05	20,000
Repurchase of common shares for cash	13 March 2014	(400,000)	$0.001	(400)
Balance	31 December 2014	60,029,999		436,461

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2015	60,029,999		436,461
Issuance of common shares for cash		4,630,750	$0.01	463,075
Issuance of common shares for services rendered		3,000,000	$0.01	300,000
Finder's fees				(1,550)
Balance	30 June 2015	67,660,749		1,197,986

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2015	67,660,749		1,197,986
Settlement of transaction termination (note 20)	2 July 2015	3,750,000	$0.10	375,000
Conversion of debentures	2 July 2015	78,795,460	$0.04	3,152,642
Elimination of common shares on amalgamation	2 July 2015	(150,206,209)		-
Merger of PhytoTech Medical Ltd and MMJ Bioscience Inc completed on 2 July 2015 with the formation of UGH which issued 51,000,000 shares to its parent company (balance after the conversion of debentures).	2 July 2015	51,000,000		-
Balance	30 June 2016	51,000,000		4,725,628

Movements in ordinary share capital - SAT

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2015	-		-
Incorporation	10 August 2015	10,000	$13.34	133,377
Balance	30 June 2016	10,000		133,377

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the combined entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the combined entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Combined entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Combined entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Combined entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 17. Equity - reserves

	Combined		
	30 June 2016 $	**30 June 2015 (unaudited) $**	**31 December 2014 $**
Foreign currency reserve	9,990	-	-
Share-based payments reserve	197,143	-	-
	207,133	-	-

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

Combined	Total $
Balance at 1 July 2015	-
Share based payments reserve	197,143
Foreign currency translation reserve	9,990
Total reserves at the end of the year	207,133

Share based payment reserve	Total $
Options reserve	197,143
Total share based payments reserve	197,143

Foreign currency translation reserve	Total $
Balance at 1 July 2015	-
Exchange differences on translation of foreign operation	9,990
Balance at the end of the year	9,990

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the value of equity benefits provided to directors as remuneration or to suppliers as payment for products and services. These options were issued by the ultimate holding company MMJ.

(ii) Foreign currency translation reserve
Exchange differences arising from translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the profit or loss when the net investment is disposed of.

Note 18. Equity - accumulated losses

	Combined		
	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Accumulated losses at the beginning of the financial year	(3,138,744)	(1,675,332)	(26,210)
Loss after income tax expense for the year	(3,393,372)	(1,463,412)	(1,649,122)
Accumulated losses at the end of the financial year	(6,532,116)	(3,138,744)	(1,675,332)

Note 19. Equity - dividends

There were no dividends paid, recommended or declared during the current financial year.

Note 20. Share based payments

During the year ended 30 June 2016 the Combined Entity recognised a share based payment expense of $197,143 for the vesting of options issued to employees under the Combined Entity's Employee Share Options Plan. The fair value of the options issued has been determined using the Black-Scholes option valuation methodology.

Ms Daniela Vaschi was appointed as Chief Executive Officer of United Greeneries, effective from 1 July 2016. Ms Vaschi is entitled to an annual base salary of $98,000 per annum. Upon her appointment, Ms Vaschi held 285,000 Class H unlisted options exercisable at $0.26 on or before 31 January 2020. The Class H Options vest and become exercisable over a period of three years from 27 July 2015, such that one twelfth of the Options shall vest after each three month period following 27 July 2015. During the current period $35,712 (2015: $0) was expensed in respect of these Class H Options.

In addition to the above, during the period, the Combined Entity issued 4,000,000 new Class I Options to Stanislav Sologubov (CEO – Satipharm AG from 6 June 2016) under the Company's Employee Share Option Plan. These Options Have an exercise price of $0.23 and an expiry date of 6 June 2019. These Options vest and become exercisable over a period of two years from 6 June 2016 such that one quarter of the Options shall vest at the end of each six-month period following 6 June 2016. During the current period $31,837 (2015: $0) was expensed in respect of these Class I Options.

The fair value of the Class H and Class I options were determined using the Black-Scholes option valuation methodology with the following inputs:

	Class H Options	Class I Options
Exercise Price	$0.26	$0.23
Expiry Date	31 January 2020	6 June 2019
Issue Date	1 February 2016	6 June 2016
Risk Free Rate	2%	2%
Volatility	95%	95%
Value per Option	$0.195	$0.116
Total Options Issued	285,000	4,000,000
Total Value of Options	$55,639	$465,143
Amount expensed in Current period	$35,712	$31,837
Amount to be expensed in Future Years	$19,927	$433,306

On 2 July 2015, United Greeneries Holdings Ltd issued 3,750,000 common shares (note 16) to a non-related entity for the termination of an agreement previously entered into for the acquisition of the Combined Entity. The fair value of shares issued pursuant to the agreement was $375,000.

Note 21. Financial instruments

Financial Instruments

	30 June 2016 (audited) $	30 June 2015 (unaudited) $	31 December 2014 (audited) $
Financial Assets			
Cash and Cash equivalents	880,337	129,054	-
Trade and other receivables	338,306	39,443	79,941
Total Financial Assets	**1,218,643**	**168,497**	**79,941**
Financial Liabilities			
Trade and other payables	278,835	300,796	472,542
Borrowings and overdraft	472,481	564,980	602,125
Loans to related entity	8,486,056	1,435,666	-
Convertible debentures	-	3,417,944	2,926,846
Total Financial Liabilities	**9,237,372**	**5,719,386**	**4,001,513**

The Combined entity's activities expose it to a variety of financial risks: liquidity risk, market risk (including fair value interest rate risk, currency risk and price risk) and credit risk.

The Combined entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Combined entity.

Risk management is carried out by the full Board of Directors. The Board identifies and evaluates financial risks in close co-operation with management and provides written principles for overall risk management.

The Board meets regularly to analyse and monitor the financial risks associated to the business operations.

(i) Liquidity risk

Liquidity risk arises from the possibility that the Combined entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management is managed through:

- maintaining sufficient cash;
- prudent oversight of future funding requirements;
- maintaining ongoing contact to facilitators of further funding; and
- only investing surplus cash with major financial institutions.

It is the Combined entity's policy to review the Combined entity's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and to maintain appropriate liquidity levels.

Contractual maturities of financial liabilities	Less than 6 months $	6 months to 1 year $	1 to 5 years $	Carrying amount of liabilities at 30 June 2016 $'000
Non-derivatives				
Trade and other payables	278,835	-	-	278,835
Borrowings	43,764	44,869	383,848	472,481
Loans to related entity (classified as within 6 months due to settlement as from $25m funding sought as part of the Qualifying Transaction.)	8,486,056	-	-	8,486,056

Contractual maturities of financial liabilities	Less than 6 months $	6 months to 1 year $	1 to 5 years $	Carrying amount of liabilities at 30 June 2015 (unaudited) $'000
Non-derivatives				
Trade and other payables	300,796	-	-	300,796
Borrowings	41,461	42,508	481,011	564,980
Loans to related entity	1,435,666	-	-	1,435,666

Contractual maturities of financial liabilities	Less than 6 months $	6 months to 1 year $	1 to 5 years $	Carrying amount of liabilities at 31 December 2014 $'000
Non-derivatives				
Trade and other payables	472,542	-	-	472,542
Borrowings and overdraft	45,156	41,461	515,508	602,125

As at 30 June 2016, the Combined entity's ability to continue as a going concern is dependent on the continued financial support from the ultimate holding company MMJ PhytoTech Ltd. The ultimate holding company successfully conducted a capital raising on 11 October 2016 for $3,984,000, which provided further operating funds to the Combined entity. Refer to note 2 for further details.

As at 31 December 2014, MMJ Bioscience Inc. had a bank overdraft balance of $4,717 and current liabilities of $3,514,349 including the overdraft. Though there was significant expose to liquidity risk as at December 2014, financial support was provided by related party, MMJ PhytoTech Ltd in 2015.

(ii) Market risk

Fair value interest rate risk
As the Combined entity's major financial assets are cash deposits held in fixed and variable interest rate deposits, the Combined entity's income and operating cash flows are materially exposed to changes in market interest rates. The Combined entity manages this risk by only investing in A+ rated institutions and maintaining an appropriate mix between different terms.

As at 30 June 2016, the Combined entity had the following exposure to variable interest rate risk. All other debt obligations were based in fixed interest rates.

As at 31 December 2014, debt obligations were entered into with fixed interest rates. The impact of interest rate risk on the bank overdraft of $4,717 was immaterial.

	2016
Financial assets	
Cash and cash equivalents	
- Canada	747,767
- Switzerland	132,570
	880,337

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Combined entity holds financial instruments which are other than the CAD functional currency of the Combined entity.

For the period commencing July 2015, the Combined entity's operations are based in Canada and Switzerland and their sustainability is dependent on the provision of cash from the MMJ Group. Funds in Canada are held in Canadian dollars (CAD), and funds in Switzerland are held in Swiss Francs (CHF) and Euros (EUR), thus the Combined entity is exposed to diminution of cash balances through currency exchange risk.

The Combined entity manages its currency risks by closely monitoring exchange rate fluctuations. The following table shows the foreign currency risk on the financial assets and liabilities of the Combined entity's operations denominated in currencies other than the functional currency of the operations.

For the 12 months to December 2014, there was no exposure to foreign exchange risk as all monetary assets and liabilities were denominated in Canadian currency.

2016			
	AUD	**CHF**	**Total CAD**
Functional currency: CAD			
Australian dollar	(8,466,000)	-	(8,165,000)
Swiss Franc	-	80,000	106,000
Statement of financial position exposure	(8,466,000)	80,000	(8,059,000)

Sensitivity analysis

The following table illustrates sensitivities to the Combined entity's exposures to changes in interest rates, and exchange rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variable

	Profit $	**Equity** -
Year ended 30 June 2016		
+/- 1% in interest rates	+/- 8,800	+/- 8,800
+/- 10% in CAD / AUD	+742,000 /- 907,000	+742,000 /- 907,000
+/- 10% in CAD / CHF	-9,600 / +11,700	-9,600 / +11,700

For the year ended 31 December 2014, there were no material impacts on profit or equity from interest rate and foreign exchange risk as debt interest rates were fixed rates and all monetary assets and liabilities were denominated in Canadian currency.

(iii) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Combined entity.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Combined entity, credit terms are generally 14 to 30 days from the invoice date.
Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. Where the Combined entity is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Trade receivables are recorded at the invoiced amount. The Combined entity does not have any off-balance-sheet credit exposure related to the customers. The credit risk of the Combined entity arises from cash and cash equivalents, deposits with banks and financial institutions, available-for-sale financial assets, as well as credit exposure to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of A (or equivalent) are accepted. The Combined entity assesses credit risk and allowance for doubtful accounts on a customer specific basis. The Combined entity has adopted the policy of only dealing with credit worthy counterparties. As at 30 June 2016 and 31 December 2014, the Combined entity and MMJ Bioscience Inc. respectively, did not have an allowance for doubtful debts.

The maximum credit risk exposure of the Combined entity at 30 June 2016 was $317,319. There were no impaired receivables at 30 June 2016.

The maximum credit risk exposure of MMJ Bioscience Inc. at 30 June 2015 was $26,028. There were no impaired receivables at 30 June 2015.

The maximum credit risk exposure of MMJ Bioscience Inc. at 31 December 2014 was $64,519. There were no impaired receivables at 31 December 2014.

The maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

iv) Price Risk

The Combined entity is not exposed to equity securities price risk as it holds no investments in securities classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Combined entity is not exposed directly to commodity price risk.

Fair Values

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

IFRS 13 *Fair Value Measurements* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial assets and liabilities have been recognised at the reporting date at their net fair values.

The carrying amount of cash and cash equivalents, trade receivable and payables are assumed to approximate their fair values due to their short-term maturity.

Note 22. Contingent liabilities

The Combined entity has no contingent liabilities as at 30 June 2016.

Note 23. Commitments

	30 June 2016 $	30 June 2015 (unaudited) $	31 December 2014 $
Operating Lease Commitments			
Committed at the reporting date but not recognised as liabilities, payable:			
Within one year	154,951	100,800	100,800
One to five years	535,866	396,216	446,616
	690,817	497,016	547,416
Finance Lease Commitments			
Committed at the reporting date and recognised as liabilities, payable:			
Within one year	110,244	-	-
One to five years	422,566	-	-
Total commitment	532,810	-	-
Less: Future finance charges	(60,329)	-	-
Net commitment recognised as liabilities	472,481	-	-

Note 22. Commitments (continued)

The finance lease is between wholly owned subsidiary, United Greeneries Operations Ltd (“UGO”) and Elk Valley Properties Ltd (“Lessor”) in connection with the lease of and leasehold improvements and renovations at the Duncan Facility funded by the Landlord to make the site fit for the permitted business purpose as a cannabis cultivation facility. The promissory note is unsecured, bares and interest rate of 5% per annum with monthly repayments. The initial term of the lease is 7 years through to April 2021, with options to extend for a further 5 years on the same terms and conditions

The Combined entity has no other commitments for expenditure at 30 June 2016.

Note 24. Related party transactions

(a) Key Management Personnel

The following persons were Directors and key management personnel during the year ended 30 June 2016:

Peter Wall	Non-executive Chairman *(appointed 27 July 2015)*
Andreas Gedeon	Managing Director *(appointed 27 July 2015)*
Michael Hinam	CEO – United Greeneries Ltd *(appointed 27 July 2015, until 14 September 2016)*
Devon Brown	CFO - United Greeneries Ltd *(appointed 1 August 2015, resigned 23 March 2016)*
Tomas Edvinsson	CEO – Satipharm AG *(appointed 10 August 2015, resigned 6 June 2016)*
Stanislav Sologubov	CEO – Satipharm AG *(appointed 6 June 2016)*

The following persons were Directors and key management personnel during the six (6) months ended 30 June 2015 (unaudited):

Andreas Gedeon	CEO – MMJ Bioscience Inc.
Devon Brown	CFO and Director - MMJ Bioscience Inc.
Michael Hinam	Director – MMJ Bioscience Inc.

The following persons were Directors and key management personnel during the year ended 31 December 2014:

Peter Hinam	Director of MMJ Bioscience Inc. *(resigned 2014)*
Timothy Hamilton	Director of MMJ Bioscience Inc. *(resigned 2014)*

(b) Key Management Personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the organisation as a whole. Key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

No bonuses pertaining to the periods in the table below had been recommended or paid at the date of this report.

Aggregate of remuneration paid to Key Management Personnel during the periods in the table were:

	For the 12 months ended 30 June 2016 $	For the 6 months ended 30 June 2015 (unaudited) $	For 12 months ended 31 December 2014 $
Short-term employee benefits - Cash salaries and fees	556,052	187,000	367,270
Early termination payments	-	-	-
Short term benefits – Annual leave	-	-	-
Long-term benefits – Superannuation	2,361	-	-
Share-based payments – Options and performance rights	93,856	-	-
	652,269	**187,000**	**367,270**

(c) Key Management Personnel compensation disclosures

Note 24. Related party transactions (continued)

For the year ended 30 June 2016

Director fees paid to Pheakes Pty Ltd, an entity related to Mr Peter Wall	46,000
Director fees paid to Peregrine Consulting Ltd, an entity related to Andreas Gedeon	304,997

The remuneration of the Managing Director and the Chairman of the MMJ Group was paid by and recorded as an expense in MMJ. No remuneration expenses in relation to the Managing Director and the Chairman of the MMJ Group have been allocated to the Combined entity. The rational for this is that even after the Qualifying Transaction is effected, the remuneration of these two Directors will remain with MMJ. The function of these two Directors is the strategic management of the worldwide operations of the MMJ Group via MMJ.

For the year ended 31 December 2014

(i) During the year ended December 31, 2014, MMJ Bioscience Inc. purchased plant and building from a director amounting for total consideration of $20,000 (2013- $nil). The balance payable for this purchase was later exchanged for a convertible debenture.

(ii) During the year ended December 31, 2014, $130,000 in convertible debentures were subscribed by officers or companies controlled by officers of the MMJ Bioscience Inc.

(d) Other transactions with Key Management Personnel

During year ended 30 June 2016, the Combined entity engaged the services on the following related-parties on normal commercial terms and conditions no more favourable than those available to other parties:

- Gelpell AG, an entity associated with Mr Tomas Edvinsson, received payments totalling $243,402 in relation to processing and manufacturing services provided to Satipharm AG in the production of the Company's CBD pills.

All amounts are inclusive of VAT.

(e) Loans to Key Management Personnel

In addition to the above, as at 30 June 2016 the Group recorded a loan receivable of $100,357 for funds of $94,546 and accrued interest receivable of $5,810 from Mr Andreas Gedeon, a director of the Combined entity, under an unsecured loan agreement ("Loan"). The Loan incurs interest at a rate of 8% per annum and is repayable on or before 30 April 2017 via remuneration and has been granted on arm's length, commercial terms.

(f) Advance to Satipharm

As at June 30, 2015, United Greeneries Holdings Ltd (formerly MMJ Bioscience Inc.) had **advanced $502,917 to Satipharm** AG**,** which was **incorporated on 10 August 2015**, (both companies which are 100% held by MMJ PhytoTech Limited) **for the purchase of inventory. The business activities of Satipharm** AG **include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market.** In addition, United Greeneries Holdigns Ltd **issued shares to an individual who became an office of Satipharm** AG **following its incorporation. The fair value of these shares was $300,000 and was recognized in the condensed consolidated statement of operations and comprehensive loss.**

Note 25. Investments in controlled entities

Name	Principal place of business / Country of Incorporation	Date of Incorporation	Ownership interest 2016 %
United Greeneries Holdings Ltd	Canada	31 July 2015	
United Greeneries Ltd	Canada	25 June 2013	100.00%
United Greeneries Operations Ltd	Canada	5 April 2013	100.00%
United Greeneries Saskatchewan Ltd	Canada	14 April 2015	100.00%
Satipharm AG	Switzerland	10 August 2015	
Satipharm Canada Limited	Canada	6 July 2015	100.00%
Satipharm Australia Pty Ltd	Australia	8 December 2015	100.00%

Note 26. Acquisition of 0966792 B.C. Ltd.

92 BC is a private company, incorporated on April 5, 2013 pursuant to the Business Corporations Act (British Columbia). 92 BC holds a significant portion of the capitalized plant and building and all other items included in plant and equipment to be used in the future production of marihuana.

Pursuant to the Share Purchase Agreement dated March 12, 2014 (the "Agreement"), MMJ Bioscience Inc. acquired all of the issued and outstanding common shares of 92 BC on March 12, 2014 in consideration for 1.0 common shares for each 92 BC common share issued and outstanding, which resulted in the issuance of 29,999,999 common shares of the Company. This transaction was treated as an asset acquisition.

The following table summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date (the purchase price allocation was determined based on the fair value of the net assets acquired):

Purchase Price:		
29,999,999 common shares	$	365,761
Total purchase price	$	365,761
Purchase Price Allocation:		
Receivable	$	7,770
Prepaid expenses	$	21,280
Equipment	$	399,558
Accounts payable and accrued liabilities	$	(40,447)
Due to related party	$	(22,400)
Total purchase price allocated	$	365,761

Note 27. Share Exchange

On 14 February 2014, MMJ Bioscience Inc. completed a share exchange and acquired all of the issued and outstanding shares of Greeneries. Under the terms of the share exchange, MMJ Bioscience Inc. offered shareholders of Greeneries 1.0 shares of MMJ for each Greeneries share held. Based on 12,000,000 Greeneries shares outstanding, the Company issued 12,000,000 of their common shares to complete the transaction.

The 2014 consolidated financial statements have been prepared on a continuity of interest basis because Greeneries had the same principal shareholders as MMJ Bioscience Inc.

Note 28. Events after the reporting period

On 3 August 2016, UGH had executed a binding letter of intent with Cowichan Tribes in respect to the leasing of a 13-acre strategic land package located immediately adjacent to the entity's existing Duncan Facility.

On 8 December 2016, MMJ PhytoTech Limited (ASX: MMJ) ("MMJ" or the "Company") announced via the ASX that it has signed a definitive agreement with Canadian-based Harvest One Capital Corp. ("Harvest One") (TSXV NEX: WON.H). The definitive agreement outlines the sale of 100% of issued and outstanding shares (collectively, the "Purchased Shares") of United Greeneries Holdings Ltd ("UGH") and Satipharm AG ("Satipharm") to Harvest One. Completion of this transaction will constitute Harvest One's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange (the "Exchange").

As consideration for the Purchased Shares, Harvest One has agreed to pay $2 million and issue 53,333,333 common shares in the capital of Harvest One (on a post-consolidation basis), to a wholly-owned subsidiary of MMJ. This will be at an ascribed price of $0.75 per Harvest Share, representing approximately 98% of the issued and outstanding Harvest Shares pre-financing. Completion of the Qualifying Transaction is subject to, among other things, (i) approval from the Exchange and MMJ shareholders sought at a meeting of shareholders on 9 January 2017; and (ii) completion of a financing for a minimum of $25 million. Post financing, MMJ will own approximately 70% of Harvest One. MMJ shareholders approved the transaction at the shareholders general meeting on 9 January 2017.

The first crop of cannabis was successfully harvested at the Duncan Facility, Canada in April 2017.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Combined entity's operations, the results of those operations, or the Combined entity's state of affairs in future financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2016 (12 months) $	31 December 2014 (12 months) $
Loss after income tax expense for the year	(3,393,372)	(1,649,122)
Adjustments for:		
Depreciation and amortisation	26,963	231,736
Share-based payments	197,143	-
Accrued interest expense	-	125,596
Finance costs	-	1,500
Settlement costs	375,000	-
Other	14,162	-
Impairment of Inventory	878,000	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(93,137)	(55,633)
Increase in inventories	(923,887)	-
Increase in prepayments and deposits	(20,897)	(45,736)
Decrease in related party payables	-	(24,350)
Increase in trade and other payables	484,019	416,545
Net cash used in operating activities	(2,456,006)	(999,464)

Note 29. Reconciliation of loss after income tax to net cash used in operating activities (continued)

Supplemental Disclosure with Respect to Cash Flows

Non-cash investing and financing activities are excluded from the consolidated statements of cash flows. Significant non-cash transactions include the following:

During the year ended December 31, 2014:

- The acquisition of the Company's wholly-owned subsidiary 0966782 B.C. Ltd. (Note 25).
- The issuance of a $650,000 note payable for costs of leasehold improvements incurred by the Lessor on behalf of MMJ Bioscience Inc. (Note 14).

United Greeneries Holdings Ltd and Satipharm AG
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached Combined financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached Combined financial statements and notes give a true and fair view of the Combined entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

- There are reasonable grounds to believe that the Combined entity will be able to pay its debts as and when they become due and payable.

On behalf of the directors

18 April 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of United Greeneries Holdings Limited and Satipharm AG

Report on the Financial Report

We have audited the accompanying combined financial report of United Greeneries Holdings Limited and Satipharm AG, which comprises the combined statement of financial position as at 30 June 2016, the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the combined entity comprising the companies and the entities they controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the combined entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with International Financial Reporting Standards, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the combined entity's preparation of the financial report that gives a true and fair view 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 combined entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of any applicable code of professional conduct.

Opinion

In our opinion:

(a) the combined financial report of United Greeneries Holdings Limited and Satipharm AG is in accordance with the International Financial Reporting Standards, including:

   (i) giving a true and fair view of the combined entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the combined entity's ability to continue as a going concern and therefore the combined entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 18 April 2017

MMJ Bioscience Inc.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE PERIODS ENDED JUNE 30, 2015 AND DECEMBER 31, 2014

MMJ Bioscience Inc.

Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current		
Cash	$ 129,054	$ -
Accounts receivable (Note 4)	26,028	64,519
Prepaid expenses (Note 5)	13,415	15,422
	168,497	79,941
Non-current Assets		
Deposits (Note 5)	57,028	51,594
Advance to Satipharm (Note 11)	502,917	-
Property and equipment (Note 6)	3,050,186	2,631,107
TOTAL ASSETS	$ 3,778,628	$ 2,762,642
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	$ -	$ 4,717
Accounts payable and accrued liabilities (Note 7)	300,796	472,542
Note payable (Note 8)	118,424	110,244
Convertible debentures (Note 9)	3,417,944	2,731,096
Convertible debenture subscriptions (Note 9)	-	195,750
Due to related party (Note 11)	1,435,666	-
	5,272,830	3,514,349
Non-current Liabilities		
Note payable (Note 8)	446,556	487,164
	446,556	487,164
Shareholders' Equity		
Share capital (Note 10)	1,197,986	436,461
Deficit	(3,138,744)	(1,675,332)
	(1,940,758)	(1,238,871)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,778,628	$ 2,762,642

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 17)

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

MMJ Bioscience Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

Period from

	January 1, 2015 to June 30, 2015 (Unaudited)	January 1, 2014 to December 31, 2014 (Audited)
REVENUE	$ -	$ 31,996
EXPENSES		
Amortization	176,737	231,736
Finance costs	-	1,500
Share-based compensation (Note 11)	300,000	-
General and administrative	179,026	138,429
Interest expense	183,179	146,500
Professional fees	120,173	273,820
Rent	72,796	97,363
Training	4,674	4,087
Travel and automotive	55,738	176,645
Utilities	15,153	35,067
Wages and salary	355,936	575,971
	1,463,412	1,681,118
Loss and comprehensive loss for the period	1,463,412	1,649,122
Basic and diluted loss per common share	0.02	0.03
Basic and diluted weighted average number of common shares outstanding	61,080,412	51,970,109

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

MMJ Bioscience Inc.

Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Period from

	January 1, 2015 to June 30, 2015 (Unaudited)	January 1, 2014 to December 31, 2014 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,463,412)	$ (1,649,122)
Items not affecting cash:		
Amortization	176,737	231,736
Interest paid	(32,429)	(22,404)
Share-based compensation	300,000	-
Interest expense accrued	183,179	128,596
Changes in non-cash working capital items:		
Accounts receivable	38,491	(55,633)
Prepaid expenses	2,007	5,858
Accounts payable and accrued liabilities	(171,746)	437,449
Due to related parties	-	(24,350)
Deposits	(5,434)	(51,594)
Net cash used in operating activities	(972,607)	(999,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of repurchases	461,525	57,200
Proceeds from convertible debentures	307,919	2,801,250
Advances from MMJ PhytoTech	1,435,666	-
Repayment of note payable	-	(52,592)
Bank indebtedness	(4,717)	4,717
Net cash provided by financing activities	2,200,393	2,810,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(595,816)	(1,813,285)
Advance to Satipharm	(502,917)	-
Net cash used in investing activities	(1,098,732)	(1,813,285)
Change in cash	129,054	(2,174)
Cash, beginning of period	-	2,174
Cash, end of period	$ 129,054	$ -
Cash paid during the period for:		
Income taxes	$ -	$ -

Supplemental disclosures with respect to cash flows (Note 15)

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

MMJ Bioscience Inc.

Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Share Capital			
	Number	Amount	Deficit	Total
Balance, January 1, 2014	12,000,001	$ 12,000	$ (26,210)	$ (14,210)
Adjustment for acquisition of United Greeneries (Note 16)	(12,000,001)	-	-	-
Shares issued for United Greeneries	12,000,001	-	-	-
Shares issued for acquisition of 0966792 B.C. Ltd (Note 16)	29,999,999	365,761	-	365,761
Issuance of common shares for cash	18,799,999	58,000	-	58,000
Repurchase of common shares for cash	(800,000)	(800)	-	(800)
Issuance of bonus shares	30,000	1,500	-	1,500
Net loss for the year	-	-	(1,649,122)	(1,649,122)
Balance at December 31, 2014	60,029,999	$ 436,461	$ (1,675,332)	$ (1,238,871)
Issuance of common shares for cash	4,630,750	463,075	-	463,075
Issuance of common shares for services rendered (Note 11)	3,000,000	300,000	-	300,000
Finder's fees	-	(1,550)	-	(1,550)
Net loss for the period	-	-	(1,463,412)	(1,463,412)
Balance at June 30, 2015	67,660,749	$ 1,197,986	$ (3,138,744)	$ (1,940,758)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

MMJ Bioscience Inc. (the "Company" or "MMJ") was incorporated on February 14, 2014 pursuant to the Business Corporations Act (British Columbia) and its wholly owned subsidiary, United Greeneries Ltd. ("Greeneries") was incorporated on June 25, 2013 pursuant to the Business Corporation Act (British Columbia). The Company and Greeneries were formed to apply for and obtain a license to produce and sell marijuana for medical purposes under the Access to Cannabis for Medical Purposes Regulations ("ACMPR").

The Company's principal business will be the cultivation, curing, testing, sale and distribution of medical marijuana. The industry is federally regulated and controlled operating under the Controlled Drugs and Substances Act, The Food and Drug Act and the ACMPR.

2. BASIS OF PREPARATION

Going Concern

This consolidated financial statements has been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realize assets and settle liabilities in the ordinary course of business.

During the period ended June 30, 2015, the Company incurred losses of $1,463,412, net cash used in operating activities of $972,607 (December 31, 2014 - cash used of $999,464), and at that date had net liabilities of $1,940,758 (December 31, 2014 - $1,238,871) and cash on hand of $129,054 (December 31, 2014 - $nil).

The Company's ability to continue as a going concern is dependent on the continued funding from the ultimate holding company MMJ PhytoTech Ltd, raising further capital, generating revenues from its operations and/or reducing costs.

These conditions indicate material uncertainties that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors believe the Company will continue as a going concern, after consideration of the following factors:

- The ultimate holding company MMJ PhytoTech Ltd successfully completed a capital raising on 11 October 2016 for $3,984,000, which provided further operating funds to the Combined entity.
- $25 million of funding is expected to be raised from the Qualifying Transaction, which would be used to settle the Company's liability to MMJ (see Note 17).

2. BASIS OF PREPARATION (cont'd…)

Going concern (cont'd…)

Should the Company not be able to continue as a going concern, it may be required to realize its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the financial reporting framework specified in subsection 3.2(4) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards ("the Framework").

Except as described in Note 3, the Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2014, which should be read in conjunction with these condensed consolidated financial statements
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Critical accounting estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The Company estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

2. BASIS OF PREPARATION (cont'd…)

Critical accounting estimates (cont'd…)

iii) The Company advanced funds to Satipharm AG ("Satipharm") prior to its incorporation. Management is required to exercise judgment in considering whether the Company will be able to recover these costs from Satipharm given that at the period end date it is not revenue generating and in the start-up phase.

iv) The Company's ability to grow, store and sell medical marijuana in Canada will be dependent on the Company being awarded a License from Health Canada under the ACMPR. Failure to obtained this License would have a material adverse impact on the business, financial condition and operating results.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations have not been applied in preparing these financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

New and revised IFRS in issue but not yet effective

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace 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. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New and revised IFRS in issue but not yet effective (cont'd)

IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

Amendments to IAS 16 Property, Plant and Equipment ("IAS 16") and IAS 41 Agriculture ("IAS 41"):

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured at initial recognition on a cost or revaluation basis in accordance with IAS 16;
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

Amendments to IAS 16 and IAS 38 Intangible Assets ("IAS 38"):

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments are effective for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact these new and amended financial reporting standards is expected to have on its consolidated financial statements.

(Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

	June 30, 2015	December 31, 2014
GST recoverable	$ 26,028	$ 52,097
Trade receivables	-	11,481
Other accounts receivable	-	941
Total	$ 26,028	$ 64,519

5. PREPAIDS AND DEPOSITS

	June 30, 2015	December 31, 2014
Long-term deposits on leased premises and on accounts	$ 57,028	$ 51,594
Prepaid expenses and other deposits receivables	13,415	15,422
Total	$ 70,443	$ 67,016

6. PROPERTY AND EQUIPMENT

	Plant and Building	Leasehold Improve-ments	Software	Tools	Office Equipment	Total
Cost						
As at December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Additions	1,349,813	1,406,254	13,645	75,273	17,858	2,862,843
As at December 31, 2014	1,349,813	1,406,254	13,645	75,273	17,858	2,862,843
Additions	43,787	509,983	27,709	7,822	6,515	595,816
As at June 30, 2015	1,393,600	1,916,237	41,354	83,095	24,373	3,458,659
Accumulated amortization						
As at December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Amortization	99,934	113,027	1,364	14,567	2,844	231,736
Balance, as at December 31, 2014	99,934	113,027	1,364	14,567	2,844	231,736
Amortization	46,858	110,461	2,607	13,876	2,935	176,737
Balance, June 30, 2015	146,792	223,488	3,971	28,443	5,779	408,473
Net book value						
December 31, 2013,	-	-	-	-	-	-
December 31, 2014,	$1,249,879	$1,293,227	$ 12,281	$ 60,706	$ 15,014	$2,631,107
June 30, 2015	$1,246,808	$1,692,749	$ 37,383	$ 54,652	$ 18,594	$3,050,186

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	June 30, 2015	December 31, 2014
Trade payables	$ 117,404	$ 308,027
Other payables	130,329	-
Accrued liabilities	53,063	164,515
Total	$ 300,796	$ 472,542

8. NOTE PAYABLE

In April 2014, 0966782 B.C. Ltd. issued a promissory note to the landlord of the production facility currently being leased (Note 12) to facilitate leasehold improvements of its plant and building. The promissory note was issued to facilitate the reimbursement of the up-front costs of renovations incurred on behalf of the Company by the landlord. The promissory note was issued in the amount of $650,000, bearing interest at 5% per annum. Principal and interest on the promissory note will be paid to the landlord through monthly payments of $9,186 for 84 months with the first payment being made in June 2014 and the final due in March 2021. The carrying value is as follows:

	June 30, 2015	December 31, 2014
Current portion	$ 118,424	$ 110,244
Non-current portion of note payable	446,556	487,164
Total note payable	$ 564,980	$ 597,408

9. CONVERTIBLE DEBENTURES

During the period ended June 30, 2015, the Company issued a series of secured convertible debentures ("convertible debentures") in the total principal amount of $365,082 (2014 - $2,605,500) with each individual note bearing interest at 10% per annum.

The principal amount of the convertible debentures is payable on the earlier of one year from the date of issue or an event of default in accordance with the terms of the convertible debentures. The principal amount plus accrued and unpaid interest of a convertible debenture is convertible at the option of the holder into units of the Company at a conversion price of $0.05 at any time prior to the maturity date of the convertible debentures. Each unit will consist of one Company preferred share and one share purchase warrant of the Company (each a "Warrant"), with each Warrant exercisable into one Company preferred share at a price of $0.125 per share for a period of five years from the date of issuance of the Warrant or three years from the listing of the Company Shares on a stock exchange in Canada.

(Expressed in Canadian Dollars)

9. CONVERTIBLE DEBENTURES (cont'd…)

The secured convertible debentures are secured by:

- a General Security Agreement under which the Company will grant a first security interest in favour of the holders over all of the Company's present and after-acquired assets;
- a second mortgage (subject only to the priority of a bank mortgage);
- a Share Pledge Agreement whereby a pledge of shares is made of any material subsidiary that holds the Company's assets provided that, in an event of default, the fair value of the total number of pledged shares that may be held, sold or transferred by the Investors will be equal to the amount owed by the Borrower; and
- a specific first charge debenture over the property, technical information, leases and equipment.

During the period ended June 30, 2015, the Company accrued interest payable of $151,016 (2014 - $125,596) on the convertible debentures. Interest expense was accrued on these debentures before issuance as a result of their terms. Furthermore, the Company determined that a nominal value was attributable to the value of the conversion feature and therefore an equity portion has not been bifurcated from the financial instrument.

10. SHARE CAPITAL

As at June 30, 2015, the Company has an authorized capital of an unlimited number of common shares, without par value, of which 67,660,749 (2014 – 60,029,999) common shares are issued and outstanding and an unlimited number of preferred shares, without par value, of which none are issued and outstanding.

11. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The Company entered into the following transactions with key management personnel, for the period from January 1, 2015 to June 30, 2015 and for the year ended December 31, 2014:

	June 30, 2015	December 31, 2014
Wages and salary	$ 187,000	$ 367,270

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

(a) Advance to Satipharm

As at June 30, 2015, the Company has advanced $502,917 to Satipharm, a company that was incorporated on 10 August 2015 and is related to the Company as following incorporation was under common control, for the purchase of inventory. The business activities of Satipharm include the processing, manufacturing and distribution of cannabis-based, pharmaceutical, nutraceutical and cosmetics product throughout the European market. In addition, the Company issued shares to an individual who became an office of Satipharm following its incorporation. The fair value of these shares was $300,000 and was recognized in the condensed consolidated statement of operations and comprehensive loss.

(b) Loans due to related entity - MMJ PhytoTech Ltd

During the period ended June 30, 2015, MMJ PhytoTech Ltd, a related party entity advanced funds totalling $1,350,000 to the Company under a secured loan agreement ("the Loan") to fund the working capital requirements of the Company prior to the acquisition transaction (Note 16). The Loan incurs interest at a rate of 6% per annum which is capitalised for the first 12 months. As at June 30, 2015, the Company owes principal and interest totalling $1,361,775 to MMJ PhytoTech Ltd. The Company also has amounts of $73,891 owing to MMJ PhytoTech for expenses paid on the Company's behalf.

(c) Advances due from a director

As at June 30, 2015, the Company has advanced $46,093 to a director relating to future business expenses to be incurred. The advance bears no interest and is payable on demand.

(d) MMJ PhytoTech Ltd. debenture

On April 8, 2015, MMJ PhytoTech Ltd. subscribed for secured debenture securities issued by the Company with a face value of CA$275,000. The debenture is secured over property owned by the Company and incurred interest at a rate of 10% per annum. The debenture was settled as part of the acquisition transaction by MMJ PhytoTech Ltd. (Note 17).

12. COMMITMENTS

The Company leases a production facility under an operating lease which will expire on April 30, 2021. Future minimum payments due in each of the next five years under the operating lease are as follows:

2015 (remaining)	$	50,400
2016		100,800
2017		111,672
2018		111,672
2019		122,472

As security for the payment of the above obligations to the lessor, two officers of the Company have provided personal guarantees through a General Security Agreement.

12. COMMITMENTS (cont'd)

Certain items of property and equipment have also been pledged as security by 0966782 B.C. Ltd. in connection with the General Security Agreement within the Commercial Lease Agreement.

The Company also leases an office facility under an operating lease which will expire on August 31, 2015. Total remaining lease payment obligations will be $4,860.

13. FINANCIAL INSTRUMENTS

Fair value

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 fair value of the Company's cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to related parties (and MMJ PhytoTech), note payable, convertible debentures and convertible debenture subscriptions approximate their carrying value, which is the amount recorded on the statement of financial position.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's accounts receivable includes a receivable from an officer of the company.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the Company is not subject to significant risk with respect to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As at June 30, 2015, the Company had a bank indebtedness balance of $nil (2014 – $4,717) and current liabilities of $5,272,830 (2014 - $3,514,349).

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

13. FINANCIAL INSTRUMENTS (cont'd…)

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and interest bearing debt. The Company's cash is held in interest bearing accounts and therefore there is currently minimal interest rate risk. The Company's debt bears interest at fixed rates. As a result, a 1% fluctuation in market interest rates would minimal impact on its net loss.

Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian Dollars.

At June 30, 2015, the Company is not exposed to foreign currency risk as all balances are denominated in Canadian Dollars.

Price risk

Price risk relates to fluctuations in market prices for commodity and equity prices. The Company is not exposed to equity price risk as the Company's operations are not currently affected by underlying prices in commodities. Additionally, the Company's common shares are not public traded at this time.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash or bank indebtedness.

The Company currently is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period ended June 30, 2015.

15. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions include the following for the year ended December 31, 2014:

- The acquisition of the Company's wholly-owned subsidiary 0966782 B.C. Ltd.
- The issuance of a $650,000 note payable for costs of leasehold improvements incurred by the landlord on behalf of the Company (Note 8).

Significant non-cash transactions for the period from January 1, 2015 to June 30, 2015.

- The issuance of 3,000,000 shares valued at $300,000 for services rendered to an officer of Satipharm.

(Expressed in Canadian Dollars)

16. ACQUISITION OF UNITED GREENERIES AND 0966792 B.C. Ltd.

United Greeneries

On February 14, 2014, the Company completed a share exchange and acquired all of the issued and outstanding shares of Greeneries. Under the terms of the share exchange, MMJ Bioscience Inc. offered shareholders of Greeneries 1.0 shares of MMJ for each Greeneries share held. Based on 12,000,000 Greeneries shares outstanding, the Company issued 12,000,000 of their common shares to complete the transaction.

These consolidated financial statements have been prepared on a continuity of interest basis because Greeneries had the same principal shareholders as the Company. Prior to the share exchange, these consolidated financial statements consisted of the accounts of Greeneries.

0966792 B.C. Ltd. ("92 BC")

92 BC is a private company, incorporated on April 5, 2013 pursuant to the Business Corporations Act (British Columbia). 92 BC holds a significant portion of the capitalized plant and building and all other items included in plant and equipment to be used in the future production of marijuana.

Pursuant to the Share Purchase Agreement dated March 12, 2014 (the "Agreement"), the Company acquired all of the issued and outstanding common shares of 92 BC on March 12, 2014 in consideration for 1.0 common shares for each 92 BC common share issued and outstanding, which resulted in the issuance of 29,999,999 common shares of the Company. This transaction was treated as an asset acquisition.

The following table summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date (the purchase price allocation was determined based on the fair value of the net assets acquired):

Purchase Price:	
29,999,999 common shares	$ 365,761
Total purchase price	$ 365,761
Purchase Price Allocation:	
Receivable	$ 7,770
Prepaid expenses	21,280
Equipment	399,558
Accounts payable and accrued liabilities	(40,447)
Due to related party	(22,400)
Total purchase price allocated	**$ 365,761**

17. SUBSEQUENT EVENTS

On July 2, 2015, the Company completed the acquisition by MMJ PhytoTech Ltd. an Australian company listed on the Australian Stock Exchange.

On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd.".

On 3 August 2016, UGH had executed a binding letter of intent with Cowichan Tribes in respect to the leasing of a 13-acre strategic land package located immediately adjacent to the entity's existing Duncan Facility.

On 8 December 2016, MMJ PhytoTech Limited (ASX: MMJ) ("MMJ" or the "Company") announced via the ASX that it has signed a definitive agreement with Canadian-based Harvest One Capital Corp. ("Harvest One") (TSXV NEX: WON.H). The definitive agreement outlines the sale of 100% of issued and outstanding shares (collectively, the "Purchased Shares") of United Greeneries Holdings Ltd ("UGH") and Satipharm AG ("Satipharm") to Harvest One. Completion of this transaction will constitute Harvest One's "Qualifying Transaction" in accordance with the policies of the TSX Venture Exchange (the "Exchange").

As consideration for the Purchased Shares, Harvest One has agreed to pay $2 million and issue 53,333,333 common shares in the capital of Harvest One (on a post-consolidation basis), to a wholly-owned subsidiary of MMJ. This will be at an ascribed price of $0.75 per Harvest Share, representing approximately 98% of the issued and outstanding Harvest Shares pre-financing. Completion of the Qualifying Transaction is subject to, among other things, (i) approval from the Exchange and MMJ shareholders sought at a meeting of shareholders on 9 January 2017; and (ii) completion of a financing for a minimum of $25 million. Post financing, MMJ will own approximately 70% of Harvest One. MMJ shareholders approved the transaction at the shareholders general meeting on 9 January 2017.

The first crop of cannabis was successfully harvested at the Duncan Facility, Canada in April 2017.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Combined entity's operations, the results of those operations, or the Combined entity's state of affairs in future financial years.

In the directors' opinion:

- the attached condensed consolidated financial statements and notes have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;

- the attached condensed consolidated financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Andreas Gedeon
Managing Director

18 April 2017

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MMJ BIOSCIENCE INC.

As lead auditor for the review of MMJ Bioscience Inc. for the six month period ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MMJ Bioscience Inc. and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 18 April 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MMJ Bioscience Inc.

Report on the 30 June 2015 Financial Report

In accordance with our engagement letter dated 10th April 2017, we have performed an interim review of the condensed consolidated statement of financial position of MMJ Bioscience Inc. as at June 30, 2015, the condensed consolidated statements of comprehensive income for the six month period ended June 30, 2015, and the condensed consolidated statements of changes in equity and cash flows for the six month period then ended. These financial statements are the responsibility of MMJ Bioscience Inc. management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance the financial reporting framework specified in subsection 3.2(4) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for financial statements.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about MMJ Bioscience Inc.'s ability to continue as a going concern and therefore MMJ Bioscience Inc. may be unable to realise its assets and discharge its liabilities in the normal course of business.

This report is solely for the use of the Directors of MMJ Bioscience Inc. to assist it in discharging its regulatory obligation to review these financial statements, and should not be used for any other purpose.

BDO Audit (WA) Pty Ltd

BDO
JPrue

Jarrad Prue

Director

Perth, 18 April 2017

INDEPENDENT AUDITORS' REPORT

To the Directors of
MMJ Bioscience Inc.

We have audited the accompanying consolidated financial statements of MMJ Bioscience Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of operations and comprehensive loss, changes in deficiency, and cash flows for the period from incorporation on June 25, 2013 to December 31, 2013 and for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of MMJ Bioscience Inc. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the period from incorporation on June 25, 2013 to December 31, 2013 and for the year ended December 31, 2014 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about MMJ Bioscience Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 16, 2015

MMJ Bioscience Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at

	December 31, 2014	December 31, 2013 (Note 5)
Assets		
Current Assets:		
Cash	$ -	$ 2,174
Accounts receivable (Note 6)	64,519	1,116
Prepaids (Note 7)	15,422	-
	79,941	3,290
Deposits (Note 7)	51,594	-
Plant and equipment (Note 8)	2,631,107	-
Total Assets	$ 2,762,642	$ 3,290
Liabilities and Deficiency		
Current Liabilities:		
Bank indebtedness	$ 4,717	$ -
Accounts payable and accrued liabilities (Note 9)	472,542	15,550
Due to related parties (Note 14)	-	1,950
Note payable (Note 10)	110,244	-
Convertible debentures (Note 11)	2,731,096	-
Convertible debenture subscriptions (Note 11)	195,750	-
	3,514,349	17,500
Note payable (Note 10)	487,164	-
	4,001,513	17,500
Deficiency		
Share capital (Note 12)	436,461	12,000
Deficit	(1,675,332)	(26,210)
	(1,238,871)	(14,210)
Total Liabilities and Deficiency	$ 2,762,642	$ 3,290

Commitments (Note 15)
Subsequent events (Note 16)

See accompanying notes to the consolidated financial statements.

MMJ Bioscience Inc.

Consolidated Statement of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	For the year ended December 31, 2014	For the period from incorporation on June 25, 2013 to December 31, 2013
Revenue	$ 31,996	$ -
Expenses		
Amortization (Note 8)	231,736	-
Finance costs	1,500	-
General and administrative	138,429	651
Interest expense	146,500	-
Professional fees	273,820	6,471
Rent	97,363	-
Training	4,087	-
Travel and automotive	176,645	19,088
Utilities	35,067	-
Wages and salary	575,971	-
	(1,681,118)	(26,210)
Loss and comprehensive loss for the period	$ (1,649,122)	$ (26,210)
Basic and diluted loss per common share	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	51,970,109	3,419,178

See accompanying notes to the consolidated financial statements.

MMJ Bioscience Inc.

Consolidated Statement of Changes in Deficiency

(Expressed in Canadian dollars)

	Note	Share Capital Number	Share Capital Amount	Deficit	Total
Balance on date of incorporation June 25, 2013	5	-	$ -	$ -	$ -
Issuance of shares		12,000,001	12,000	-	12,000
Net loss for the period		-	-	(26,210)	(26,210)
Balance as at December 31, 2013		12,000,001	12,000	(26,210)	(14,210)
Adjustment for acquisition of United Greeneries	5	(12,000,001)		-	-
Shares issued for United Greeneries	5	12,000,001	-	-	-
Shares issued for acquisition of 0966792 B.C. Ltd.	4	29,999,999	365,761	-	365,761
Issuance of common shares for cash	12	18,799,999	58,000	-	58,000
Repurchase of common shares for cash	12	(800,000)	(800)	-	(800)
Issuance of bonus shares	12	30,000	1,500	-	1,500
Net loss for the year		-	-	(1,649,122)	(1,649,122)
Balance as at December 31, 2014		60,029,999	$ 436,461	$ (1,675,332)	$ (1,238,871)

See accompanying notes to the consolidated financial statements.

MMJ Bioscience Inc.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Year ended December 31, 2014	For the period from incorporation on June 25, 2013 to December 31, 2013
		(Note 6)
Cash flows from operating activities:		
Net loss for the period	$ (1,649,122)	$ (26,210)
Items not affecting cash:		
Amortization	231,736	-
Finance costs	1,500	-
Interest expense accrued	125,596	-
Changes in non-cash working capital items:		
Accounts receivable	(55,633)	(1,116)
Prepaids	5,858	-
Accounts payable and accrued liabilities	437,449	15,550
Due to related parties	(24,350)	1,950
Deposits	(51,594)	-
Net cash used in operating activities	(978,560)	(9,826)
Cash flows from financing activities:		
Proceeds from issuance of common shares net of repurchases	57,200	12,000
Proceeds from issuance of convertible debentures	2,801,250	-
Repayment of note payable	(52,592)	-
Payment of interest on note payable	(20,904)	-
Bank indebtedness	4,717	-
Net cash provided by financing activities	2,789,671	12,000
Cash flows used in investing activities:		
Purchase of property and equipment	(1,813,285)	-
Net cash used in investing activities	(1,813,285)	-
Change in cash	(2,174)	2,174
Cash, beginning of period	2,174	-
Cash, end of period	$ -	$ 2,174

Supplemental disclosure with respect to cash flows (Note 18).

See accompanying notes to the consolidated financial statements.

1. Nature of Operations and Going Concern

MMJ Bioscience Inc. (the "Company" or "MMJ") was incorporated on February 14, 2014 pursuant to the Business Corporations Act (British Columbia) and its wholly owned subsidiary, United Greeneries Ltd. ("Greeneries") was incorporated on June 25, 2013 pursuant to the Business Corporation Act (British Columbia) (Note 6). The Company and Greeneries were formed to apply for and obtain a license to produce and sell marihuana for medical purposes under the Marihuana for Medical Purposes Regulations ("MMPR").

These financial statements represent the accounts of United Greeneries Ltd. for the period from its incorporation on June 25, 2013 to December 31, 2014 and the consolidated accounts of MMJ Bioscience Inc. from February 14, 2014 onwards being the date of its incorporation and its acquisition of United Greeneries Ltd. (Note 5).

The Company's principal business will be the cultivation, curing, testing, sale and distribution of medical marihuana. The industry is federally regulated and controlled operating under the Controlled Drugs and Substances Act, The Food and Drug Act and the MMPR.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. These consolidated financial statements do not include adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the Company is unable to continue as a going concern, adjustments may be necessary to the carrying value of assets and liabilities, net loss, and statement of financial position classifications used, and such adjustments could be material.

The Company has not yet realized profitable operations, has relied on non-operational sources of financing to fund operations and has an accumulated deficit of $1,675,332 as at December 31, 2014. These conditions may cast significant doubt on the validity of the going concern assumption. The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary financing and to ultimately generate profitable operations.

2. Basis of Preparation

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical cost basis, and, except for cash flow information, have been prepared using the accrual basis of accounting.

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

2. Basis of Preparation (cont'd…)

Critical accounting estimates and judgements (cont'd…)

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Judgements are used in applying accounting policies that have the most effect on the amounts recognized in the consolidated financial statements.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Useful lives of equipment

The Company estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets

3. Significant Accounting Policies

Plant and equipment

Plant and equipment is stated at cost less accumulated amortization and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The carrying amounts of equipment are amortized to their estimated residual value over their estimate useful lives. Amortization is calculated as follows:

Office equipment and tools	5 years, straight line
Software	3 years, straight line
Plant and building	25 years, straight line
Leasehold improvements	Straight line over term of lease, (original term: 88 months; 6 years and 4 months remain)

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Principles of consolidation

These consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The consolidated financial statements include the following:

- From the period from incorporation on June 25, 2013 to December 31, 2013: 0966792 BC Ltd. (“92 BC”), and United Greeneries Ltd. (“Greeneries”).
- For the year ended December 31, 2014: 0966792 BC Ltd. (“92 BC”), United Greeneries Ltd. (“Greeneries”), MMJ Bioscience Inc, and Duncan Bioscience International Inc.

Inter-company balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

3. Significant Accounting Policies (cont'd…)

Decommissioning, restoration and similar liabilities ("Asset Retirement Obligation" or "ARO")

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of long lived assets. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

There were no provisions for environmental rehabilitations for the periods presented.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project are from part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (cont'd…)

Impairment of assets

At the end of each reporting period the carrying amounts of assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested at each reporting period for impairment.

Income taxes

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

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

3. Significant Accounting Policies (cont'd…)

Income taxes (cont'd...)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Revenue recognition

The Company earns revenue from rendering services including soil sampling and water testing. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company, the stage of completion can be measured reliably, and the related costs can be measured reliably.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity (deficiency). The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. 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.

3. Significant Accounting Policies (cont'd…)

Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following categories: fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and 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's accounts receivable are classified as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They 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 has not classified any of its financial instruments at held-to-maturity. Available-for-sale financial assets are 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. Unrealized gains and losses are recognized in other comprehensive income (loss), except for impairment losses and foreign exchange gains and losses. The Company has not classified any of its financial instruments as available-for-sale financial assets.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At December 31, 2014, the Company has not classified any financial liabilities as FVTPL.

3. Significant Accounting Policies (cont'd…)

Financial instruments (cont'd...)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The Company's bank indebtedness, accounts payable and accrued liabilities, due to related parties, notes payable, convertible debentures, and convertible debenture subscriptions are classified as other financial liabilities.

Financial liabilities classified as FVTPL comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

New standards adopted during the year

Effective January 1, 2014, the following standards were adopted but did not have a material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.
- IFRS 10 Investment Entities – Amendment.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IAS 16 (Amendment): Standard amended to (i) clarify the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provides a rebuttable presumption for intangible assets effective for annual periods beginning on or after January 1, 2016.
- IFRS 15 Revenue from Contracts with Customers: A new standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

4. Acquisition of 0966792 B.C. Ltd.

92 BC is a private company, incorporated on April 5, 2013 pursuant to the Business Corporations Act (British Columbia). 92 BC holds a significant portion of the capitalized plant and building and all other items included in plant and equipment to be used in the future production of marihuana.

Pursuant to the Share Purchase Agreement dated March 12, 2014 (the "Agreement"), the Company acquired all of the issued and outstanding common shares of 92 BC on March 12, 2014 in consideration for 1.0 common shares for each 92 BC common share issued and outstanding, which resulted in the issuance of 29,999,999 common shares of the Company. This transaction was treated as an asset acquisition.

The following table summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date (the purchase price allocation was determined based on the fair value of the net assets acquired):

Purchase Price:		
29,999,999 common shares	$	365,761
Total purchase price	$	365,761

Purchase Price Allocation:		
Receivable	$	7,770
Prepaid expenses		21,280
Equipment		399,558
Accounts payable and accrued liabilities		(40,447)
Due to related party		(22,400)
Total purchase price allocated	$	365,761

5. Share Exchange

On February 14, 2014 the Company completed a share exchange and acquired all of the issued and outstanding shares of Greeneries. Under the terms of the share exchange, MMJ Bioscience Inc. offered shareholders of Greeneries 1.0 shares of MMJ for each Greeneries share held. Based on 12,000,0001 Greeneries shares outstanding, the Company issued 12,000,0001 of their common shares to complete the transaction.

These consolidated financial statements have been prepared on a continuity of interest basis because Greeneries had the same principal shareholders as the Company. Prior to the share exchange, these consolidated financial statements consisted of the accounts of Greeneries.

6. Accounts receivable

Accounts receivable comprises the following:

	December 31, 2014	December 31, 2013
GST recoverable	$ 52,097	$ 1,116
Trade receivables	11,481	-
Other accounts receivable	941	-
	$ 64,519	$ 1,116

7. Prepaids and Deposits

Prepaids and Deposits comprise the following:

	December 31, 2014	December 31, 2013
Long-term deposits on leased premises and on accounts	$ 51,594	$ -
Prepaid expenses and other deposits	15,422	-
	$ 67,016	$ -

8. Plant and equipment

Cost

	Plant and Building	Leasehold Improvements	Software	Tools	Office Equipment	Total
As at date of Incorporation June 25, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Additions	-	-	-	-	-	-
As at December 31, 2013	-	-	-	-	-	-
Additions	1,349,813	1,406,254	13,645	75,273	17,858	2,862,843
December 31, 2014	$1,349,813	$ 1,406,254	$ 13,645	$ 75,273	$ 17,858	$2,862,843

Accumulated Amortization

	Plant and Building	Leasehold Improvements	Software	Tools	Office Equipment	Total
As at date of Incorporation June 25, 2013	$ -	$ -	$ -	$ -	$ -	$ -
Additions	-	-	-	-	-	-
As at December 31, 2013	-	-	-	-	-	-
Additions	99,934	113,027	1,364	14,567	2,844	231,736
December 31, 2014	$ 99,934	$ 113,027	$ 1,364	$ 14,567	$ 2,844	$ 231,736

8. Plant and equipment (cont'd...)

Net Book Value

	Plant and Building	Leasehold Improvements	Software	Tools	Office Equipment	Total
December 31, 2013	$ -	$ -	$ -	$ -	$ -	$ -
December 31, 2014	$ 1,249,879	$ 1,293,227	$ 12,281	$ 60,706	$ 15,014	$ 2,631,107

9. Accounts payable and accrued liabilities

	December 31, 2014	December 31, 2013
Trade accounts payable	$ 308,027	$ -
Accrued liabilities	164,515	
	$ 472,542	$ 15,550

10. Note payable

In April 2014, 92 BC Ltd. issued a promissory note to the landlord of the production facility currently being leased (Note 15) to facilitate leasehold improvements of its plant and equipment. The promissory note was issued to facilitate the reimbursement of the up-front costs of renovations incurred on behalf of the Company by the landlord. The promissory note was issued in the amount of $650,000, bearing interest at 5% per annum. Principal and interest on the promissory note will be paid to the landlord through monthly payments of $9,186 for 84 months with the first payment being made in June 2014 and the final due in March 2021. The carrying value is as follows:

Current portion of note payable	$ 110,244
Non-current portion of note payable	487,164
Total note payable	$ 597,408

11. Convertible debentures

During the year ended December 31, 2014, the Company issued secured convertible debentures (“convertible debentures”) in the principal amount of $2,605,500 bearing interest at 10% per annum.

11. Convertible debentures (cont'd...)

The principal amount of the convertible debentures is payable on the earlier of one year from the date of issue or an event of default in accordance with the terms of the convertible debentures. The principal amount plus accrued and unpaid interest of a convertible debenture is convertible at the option of the holder into units of the Company at a conversion price of $0.05 at any time prior to the maturity date of the convertible debentures. Each unit will consist of one Company preferred share and one share purchase warrant of the Company (each a "Warrant"), with each Warrant exercisable into one Company preferred share at a price of $0.125 per share for a period of five years from the date of issuance of the Warrant or three years from the listing of the Company Shares on a stock exchange in Canada. Refer to Note 18 for a potential amendment relating to the potential acquisition of the Company by Phytotech Medical Ltd.

The secured convertible debentures are secured by:

- a General Security Agreement under which the Company will grant a first security interest in favour of the holders over all of the Company's present and after-acquired assets,
- a second mortgage (subject only to the priority of a bank mortgage),
- a Share Pledge Agreement whereby a pledge of shares is made of any material subsidiary that holds the Company's assets provided that, in an event of default, the fair value of the total number of pledged shares that may be held, sold or transferred by the Investors will be equal to the amount owed by the Borrower,
- and a specific first charge debenture over the property, technical information, leases and equipment.

During the year ended December 31, 2014, the Company accrued interest payable of $125,596 on the convertible debentures including on the convertible debentures subscriptions, which were issued on February 4, 2015. Interest expense was accrued on these debentures before issuance as a result of their terms. Interest was accrued beginning on dates ranging from December 8, 2014 to December 13, 2014.

Convertible debenture subscriptions

On February 4, 2015, the Company issued convertible debentures in the principal amount of $411,532. Proceeds of $195,750 recorded as convertible debentures subscriptions were received prior to December 31, 2014 and proceeds of $215,782 were received subsequent thereto.

12. Share capital

The Company has an authorized capital of an unlimited number of common shares, without par value, of which 60,029,999 common shares are issued and outstanding and an unlimited number of preferred shares, without par value, of which none are issued and outstanding.

- During the period from incorporation on June 25, 2013 to December 31, 2013, the founder of Greeneries subscribed to 12,000,001 units at a price of $0.001 per unit for gross proceeds of $12,000. Each unit comprised one common share and one common share purchase warrant exercisable at $0.001 per a period of one year. The warrants were subsequently cancelled.

- On February 14, 2014, the Company issued one (1) common share on incorporation, valued at $Nil;

- On February 14, 2014, the Company issued a total of 12,000,001 common shares to the shareholders of Greeneries in exchange for all of the issued and outstanding common shares of Greeneries.

- On February 14, 2014, the Company issued 17,999,999 common shares at a price of $0.001 for gross proceeds of $18,000, and repurchased 400,000 common shares at the same price.

- On March 3, 2014, the Company issued 400,000 common shares at a price of $0.05 for gross proceeds of $20,000. This transaction occurred in connection with a loan agreement signed on March 3, 2014 for $30,000 in which the lender subscribed to common shares of the Company, and was issued an additional 30,000 bonus shares valued at $1,500 as consideration for the non-interest bearing loan which was replaced by a convertible debenture during the year ended December 31, 2014.

- On March 12, 2014, the Company issued a total of 29,999,999 common shares to the shareholders of 92 BC in exchange for all of the issued and outstanding common shares of 92 BC, valued at the net assets acquired (Note 4).

- On March 13, 2014, the Company issued a total of 400,000 common shares to third parties at a price of $0.05 per share for gross proceeds of $20,000, after repurchasing 400,000 common shares at a price of $0.001 from insiders

13. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows for the period from incorporation on June 25, 2013 to December 31, 2013 and for the year ended December 31, 2014:

		2014		2013
Loss for the year	$	(1,649,122)	$	(26,210)
Expected income tax recovery	$	(223,000)	$	(7,000)
Change in statutory tax rates and other		(5,000)		-
Permanent differences		5,000		-
Change in unrecognized deductible temporary differences		223,000		7,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

Significant components of deductible temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2014	**Expiry date range**		**2013**	**Expiry date range**
Temporary differences						
Plant and equipment	$	270,000	No expiry	$	-	No expiry
Non-capital losses available for future periods	$	1,377,000	2033 to 2034	$	26,000	2033

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. Related parties

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

14. Related parties (cont'd...)

Key management personnel compensation (cont'd...)

The Company entered into the following transactions with key management personnel, for the period from incorporation on June 25, 2013 to December 31, 2013 and for the year ended December 31, 2014:

	2014	2013
Wages and salary	$ 367,270	-
	$ 367,270	$ -

(a) During the year ended December 31, 2014, the Company purchased plant and building from a director amounting for total consideration of $20,000 (2013 - $nil). The balance payable for this purchase was later exchanged for a convertible debenture.

(b) During the year ended December 31, 2014, $130,000 (2013 $nil) in convertible debentures were subscribed to by officers or companies controlled by officers of the Company.

15. Commitments

The Company leases a production facility under an operating lease which will expire on April 30, 2021. Future minimum payments due in each of the next five years under the operating lease are as follows:

2015	$ 100,800
2016	100,800
2017	111,672
2018	111,672
2019	122,472

As security for the payment of the above obligations to the lessor, two officers of the Company have provided personal guarantees through a General Security Agreement. Certain items of plant and equipment have also been pledged as security by 92 BC in connection with the General Security Agreement within the Commercial Lease Agreement.

The Company also leases an office facility under an operating lease which will expire on August 31, 2015. Total lease payment obligations for the year ended December 31, 2015 will be $19,440.

16. Financial instruments

Fair value

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 fair value of the Company's accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to related parties, note payable, convertible debentures and convertible debenture subscriptions approximate their carrying value, which is the amount recorded on the statement of financial position. The Company's other financial instrument, cash under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's accounts receivable consists of GST receivable from the government of Canada, and a trade receivable from a third party pertaining to revenues as disclosed in Note 15.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the Company is not subject to significant risk with respect to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

16. Financial instruments (cont'd...)

Liquidity risk (cont'd...)

As at December 31, 2014, the Company had a bank indebtedness balance of $4,717 and current liabilities of $3,514,349. As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year and is significantly exposed to liquidity risk.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and interest bearing debt. The Company's cash is held in interest bearing accounts and therefore there is currently minimal interest rate risk. The Company's debt bears interest at fixed rates. As a result, a 1% fluctuation in market interest rates would impact net loss by approximately $26,300.

Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

At December 31, 2014, the Company is not exposed to foreign currency risk as all balances are denominated in Canadian dollars.

Price risk

Price risk relates to fluctuations in market prices for commodity and equity prices. The Company is not exposed to equity price risk as the Company's operations are not currently affected by underlying prices in commodities. Additionally, the Company's common shares are not public traded at this time.

17. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of equity (deficiency).

17. Capital Management (cont'd...)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash or bank indebtedness.

The Company currently is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended December 31, 2014.

18. Supplemental Disclosure With Respect To Cash Flows

Non-cash investing and financing activities are excluded from the consolidated statements of cash flows. Significant non-cash transactions include the following:

During the year ended December 31, 2014:

- The acquisition of the Company's wholly-owned subsidiary 0966782 B.C. Ltd. (Note 4).
- The issuance of a $650,000 note payable for costs of leasehold improvements incurred by the landlord on behalf of the Company (Note 10).

There were no significant non-cash investing or financing activities during the period from incorporation on June 25, 2013 to December 31, 2013.

Cash payments for interest and income taxes during the year ended December 31, 2014 and for the period from incorporation on June 25, 2013 to December 31, 2013, are summarized as follows:

	2014	2013
Cash paid during the periods for:		
Interest	$ 20,904	$ -
Income taxes	$ -	$ -

19. Subsequent events

Convertible Debentures

On February 4, 2015, the Company issued convertible debentures in the principal amount of $411,532 of which $195,750 was received prior to December 31, 2014 and recorded as convertible debenture subscriptions. $15,782 of the principal amount issued was an issuance in settlement of services rendered by the subscriber.

19. Subsequent events (cont'd...)

Convertible Debentures (cont'd...)

On March 12, 2015, the Company issued convertible debentures in the principal amount of $124,300. $24,300 of this amount was received in cash. $100,000 was issued as a settlement of accounts payable and accrued liabilities for a consulting services arrangement.

On April 8, 2015, the Company issued a convertible debenture in the principal amount of $275,000. Also on April 8, 2015, the Company retired a convertible debenture outstanding at December 31, 2014 in the principal amount of $250,000 plus interest of $25,000 in accordance with the terms of the convertible debenture which came due.

The terms of the convertible debentures are the same as those in Note 11.

Tilting Capital Corp.

On April 23, 2014, it was announced that the Company had entered into a non-binding letter of intent dated April 8, 2014 (the "LOI") with an arm's length public company, Tilting Capital Corp., ("Tilting"). Pursuant to the LOI, subject to entering into a definitive agreement (the "Transaction Agreement"), the Company agreed to combine with Tilting by way of a share exchange, merger, amalgamation, arrangement, or other similar form of transaction (the "Transaction") whereby the Tilting would acquire all of the issued and outstanding common shares of the Company through the issuance of common shares of Tilting.

On January 28, 2015, the Company issued a notice of termination to Tilting Capital Corp.

Jacob Securities Inc.

On January 29 2015, the Company signed a letter of engagement ("Agreement") with Jacob securities Inc. ("JSI"), with an understanding that JSI will arrange equity financing for up to $5,000,000 through a standalone private placement and/or capital secured concurrently with a go public transaction with JSI or one of its external partners in exchange for a 8% cash commission and issuance to JSI of common shares representing a 10% equity stake in the Company upon closing of a successful financing. The Agreement will terminate on January 29, 2016.

Common Shares

On April 10, 2015, the Company issued a total of 2,400,000 common shares at a price of $0.10 per share for gross proceeds of $240,000.

19. Subsequent events (cont'd...)

Ai Fame GmbH

On March 12, 2015, the Company signed a "Successive Delivery Contract" with Ai Fame GmbH (Ai Fame) for the right of first offer and of first refusal on the entire quantity of Cannabidiol growing material produced by Ai Fame in 2015 and 2016.

Phytotech Medical Ltd.

On March 19, 2015, the Company signed a Binding Heads of Agreement ("Agreement") with Phytotech Medical Ltd. (Phytotech), a publicly traded company on the Australian Securities Exchange under the symbol, "PYL" where Phytotech agrees to make an offer to acquire 100% of the issued shares and warrants of the Company (the "Acquisition").

The Acquisition will proceed by way of a "three-cornered amalgamation" whereby the Company will amalgamate with a newly incorporated wholly-owned subsidiary of Phytotech. Phytotech will acquire all of the MMJ shares in exchange for Phytotech shares in accordance with the exchange ratio as defined by the Agreement. Upon settlement of certain conditions, Phytotech will extend a $1,000,000 loan to the Company which will be secured by a second priority mortgage over the land and buildings owed by the Company. Interest on the loan will be charged at 6% per annum.

Settlement of the Acquisition is subject to the satisfaction of various conditions precedent, including the holders of the convertible debentures ("Debentures") holding a majority of the face value of the Debentures approving to amend the terms of the Debentures to, (i) allow for the principal and interest to be converted at a price of $0.04 per MMJ common share immediately prior to the settlement, and (ii) cancel the warrants issuable under the Debentures, and (iii) the common shares issuable under the Debentures being subject to Voluntary Escrow.

APPENDIX D

MANAGEMENT'S DISCUSSION AND ANALYSIS OF UNITED GREENERIES AND SATIPHARM

Please see attached.

UNITED GREENERIES HOLDINGS LTD. AND SATIPHARM AG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of United Greeneries Holdings Ltd. ("**United Greeneries**") and Satipharm AG ("**Satipharm**", and together with United Greeneries, the "**Companies**") for the six months ended December 31, 2016. This MD&A should be read in conjunction with the combined unaudited interim financial statements of Satipharm and United Greeneries and accompanying notes for the six months ended December 31, 2016. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise. The Company's accounting policies are in accordance with IFRS.

The effective date of this MD&A is April 19, 2017.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Companies or their management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Companies' business and operations;
- the intention to grow the business and operations of the Companies;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Companies to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Companies operate;
- the timely receipt of any required regulatory approvals;
- competition;
- the ability of the Companies to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Companies to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Companies believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Companies are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Companies.

The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Companies and/or persons acting on the Companies' behalf may issue. The Companies undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

United Greeneries' Business

The full name of United Greeneries is "United Greeneries Holdings Ltd.". United Greeneries' head and registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

MMJ Bioscience Inc. (BC1044683), the predecessor to United Greeneries, was formed on July 31, 2015 by an amalgamation pursuant to the British Columbia *Business Corporations Act* between MMJ Bioscience Inc. (BC0993871) and 1032831 BC Ltd. (BC1032831), a wholly-owned subsidiary of PhytoTech Medical (UK) Pty Ltd., a corporation incorporated under the laws of the England and Wales ("**Phyto UK**"), which in turn is a wholly-owned subsidiary of MMJ PhytoTech Limited ("**MMJ**"), a corporation incorporated under the laws of Australia (formerly known as PhytoTech Medical). The amalgamated company continued to operate under the name "MMJ Bioscience Inc.". On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd.".

United Greeneries is a wholly-owned subsidiaries of Phyto UK, which in turn is a wholly-owned subsidiary of ASX-listed MMJ, a vertically-integrated biopharmaceutical company focused on developing and commercializing cannabis plant-based therapeutics. MMJ was created from the merger of ASX-listed PhytoTech Medical and private company existing under the laws of British Columbia, MMJ Bioscience Ltd., in June 2015.

United Greeneries is a Canadian ACMPR Licensed Producer. United Greeneries has two main facilities, the Duncan Facility and the Lucky Lake Facility. United Greeneries' Duncan Facility is licensed to cultivate medical marijuana by Health Canada pursuant to its ACMPR License. Management of United Greeneries anticipates that the Duncan Facility will be issued a full ACMPR distribution license in the second quarter of 2017. The Lucky Lake Facility is at the ACMPR security clearance stage of review.

United Greeneries had interest income of $2,042 and revenue of $nil for the three months ended December 31, 2016 and interest income of $4,077 and revenue of $nil for the six months ended December 31, 2016 compared to interest income of $808 and revenue of $nil for the three months ended December 31, 2015 and interest income of $808 and revenue of $nil for the six months ended December 31, 2015.

Satipharm's Business

The full name of Satipharm is "Satipharm AG". Satipharm's head and registered office is located at Riedstrasse 7, 6330 Cham, Switzerland.

Satipharm was incorporated on August 11, 2015, under the *Swiss Code of Obligations* (Switzerland), as amended. Satipharm is a private company that is a wholly-owned subsidiary of Phyto UK.

Satipharm is a European pharmaceutical, nutraceutical and cosmeceutical company, specialized in development, manufacturing and production of cannabis-based health, dietary and cosmetic products with a focus on legally accessible CBD. Cannabidiol (CBD) is one of at least 113 active cannabinoids identified in cannabis. It is a major phytocannabinoid, accounting for up to 40% of the plant's extract. CBD is considered to have a wide scope of potential medical applications – due to clinical reports showing the lack of side effects, particularly a lack of psychoactivity (as is typically associated with Δ9-THC), and non-interference with several psychomotor learning and psychological functions. The mechanisms of action of CBD (cannabidiol) are multifaceted. It offers considerably more than 10 different mechanisms of action, a few of which are currently under clinical trials. Satipharm also has worldwide exclusive rights to the Gelpell ® Microgel process for all cannabis applications.

Satipharm had revenues of $nil for the three and six months ended December 31, 2016 compared to $243,852 and $261,504 for the three and six months ended December 31, 2015.

SELECTED INFORMATION

The following table summarizes certain financial information of the Company for the years indicated below:

Selected Information	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
	$	$
Statement of Comprehensive Loss Data		
Revenue	Nil	261,504
Loss before income taxes	(1,292,391)	(1,403,703)
Total comprehensive loss	(1,284,904)	(1,420,118)
Statement of Financial Position Data		
Total assets	8,010,008	N/A
Total long term financial liabilities	336,473	N/A
Cash dividends declared per share	Nil	N/A

RESULTS OF OPERATIONS

Three Months Ended December 31, 2016 ("Q2 2017F")

The Companies had a total comprehensive loss of $495,499 for the three months ended December 31, 2016 ("Q2 2017F") compared to total comprehensive loss of $554,138 for the three months ended December 31, 2015 ("Q2 2016F"). The decrease in total comprehensive loss is primarily due to Q2 2016F's gross loss of $95,680.

Revenue for Q2 2017F were $nil down by $243,852 compared to $243,852 for Q2 2016F mainly due to problems with the distributor's payment gateway system.

Sales, general and administration expenses for Q2 2017F were $523,620 down by $43,792 or 9% compared to $479,828 for Q2 2016F. This is primarily due to the following reasons:

Increased in the following:

i. Share-based payments up by $130,941 to $130,941 from $nil.
ii. Compliance and regulatory up by $249,577 to $251,722 from $2,145 mainly due to legal and professional fees associated with the share exchange agreement with Harvest One Capital Inc.
iii. Marketing expense up by $61,454 to $68,096 from $6,642 mainly due to more sales and marketing efforts in Satipharm's business.

Offset by the following:

i. Employee benefits expense down by $202,837 to $38,453 from $241,290 mainly due to lower head count.
ii. Selling and distribution expenses down by $102,693 from $102,693 to $nil mainly due to the lack of sales.

Six Months Ended December 31, 2016 ("2017F YTD")

The Companies had a total comprehensive loss of $1,284,904 for the six months ended December 31, 2016 ("2017F YTD") compared to total comprehensive loss of $1,420,118 for the six months ended December 31, 2015 ("2016F YTD"). The increase in net loss and comprehensive loss is primarily due to the increase in sales, general and administrative expenses.

Revenue for 2017F YTD were $nil down by $261,504 compared to $261,504 for 2016F YTD mainly due to problems with the distributor's payment gateway system.

Sales, general and administration expenses for 2017F YTD were at $1,296,468 down $21,799 or 2% compared to $1,318,267 for 2016F YTD. This is primarily due to the following reasons:

Increased in the following:

i. Share-based payments up by $255,675 to $255,675 from $nil.
ii. Compliance and regulatory up by $303,976 to $308,202 from $4,226 mainly due to legal and professional fees associated with the share exchange agreement with Harvest One Capital Inc.
iii. Net loss on foreign exchange up by $59,699 to $59,699 from $nil mainly due to fluctuations in foreign exchange.
iv. Marketing expense up by $109,045 to $124,870 from $15,825 mainly due to more sales and marketing efforts in Satipharm's business.

Offset by the following:

i. Employee benefits expense down by $176,396 to $230,400 from $406,796 mainly due to lower head count.
ii. Selling and distribution expenses down by $102,693 from $102,693 to $nil mainly due to the lack of sales.
iii. Settlement cost down by $375,000 to $nil from $375,000 mainly due to prior year's issuance of 3,750,000 common shares to a non-related entity for the termination of an agreement previously entered into for the acquisition of the Combined Entity consisting of United Greeneries Holdings Ltd and Satipharm AG. The fair value of shares issued pursuant to the agreement was $375,000.

Summary of Cash Flows for the six months ended December 31, 2016, and the six months ended December 31, 2015.

	2016	**2015**
Cash Flows used in operating activities	$ (1,246,870)	$ (646,053)
Cash Flows used in investing activities	(87,446)	(2,414,723)
Cash Flows provided by financing activities	1,231,006	3,123,782
Cash, End of Period	$ 777,027	$ 192,060

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

The following tables sets out selected quarterly information for the last 8 completed fiscal quarters of the Companies:

	Q2-FY2017 ($)	Q1-FY2017 ($)	Q4-FY2016 ($)	Q3-FY2016 ($)	Q2-FY2016 ($)	Q1-FY2016 ($)	Q4-FY2015 ($)	Q3-FY2015 ($)
Revenue	Nil	Nil	N/A	N/A	243,852	17,652	N/A	N/A
Net Loss	(495,499)	(789,405)	N/A	N/A	(554,138)	(865,980)	N/A	N/A
Basic and diluted Earnings (Loss) per share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Companies' financial information was only combined for the quarters ended September 30, 2016 (Q1 – FY2017) and September 30, 2015 (Q1 – FY2016), accordingly only four quarters of financial information are available.

LIQUIDITY

The table below sets out the cash, short-term debt and working capital at December 31, 2016.

	December 31, 2016	June 30, 2016
Cash	$777,027	$880,337
Trade, other receivables & inventories	$1,127,877	$858,379
Account Payables, borrowings and loans	$10,168,742	$8,853,524
Working capital deficiency	$8,263,838	$7,114,808

As at December 31, 2016, the Companies had cash available of $777,027 compared to $880,337 in June 30, 2016. The Companies used $103,310 in its business operation during the period compared to cash provided of $63,006 in 2016F YTD.

Cash from Operating Activities

Cash used in operating activities was $1,246,870 mainly for payments to suppliers and employee wages compared to $646,053 in 2016F YTD.

Cash from Investing Activities

Cash used in investing activities was $87,446 mainly for the purchases of property, plant and equipment compared to $2,414,723 in 2016F YTD.

Cash from Financing Activities

Cash provided from financing activities was $1,231,006 mainly due to advances from parent company, MMJ Phytotech Ltd compared to $3,123,782 in 2016F YTD.

At December 31, 2016, the Companies had a negative working capital of $8,263,838. The Companies' ability to continue as going concerns is dependent on the continued funding of MMJ, raising further capital, generating revenues from its operations and/or reducing costs.

CAPITAL RESOURCES

To date and for the foreseeable future, the Companies expect to finance operations through the issuance of common shares until the point at which its operations are profitable and self- funding. The Companies periodically evaluate the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

United Greeneries has an unlimited number of common shares authorized for issuance of which 51,000,000 common shares are issued and outstanding as at December 31, 2016. No other shares are issued and outstanding.

The authorized share capital of Satipharm consists of 10,000 Satipharm Shares with a nominal value of CHF 10 per Satipharm Share. There are 10,000 Satipharm Shares issued and outstanding as fully paid and non-assessable as of the date hereof. No other shares are issued and outstanding.

COMMITMENTS (Note 19 of the December 31, 2016 condensed interim combined financial statements)

	December 31, 2016 $	June 30, 2016 $
Operating Lease Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	144,404	154,951
One to five years	469,422	535,866
	613,826	690,817
Finance Lease Commitments		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	110,244	110,244
One to five years	367,444	422,566
Total commitment	477,688	532,810
Less: Future finance charges	(50,826)	(60,329)
Net commitment recognised as liabilities	426,862	472,481

The finance lease is between United Greeneries Operations Ltd ("**UGO**") and Elk Valley Properties Ltd ("**Lessor**") in connection with the lease of and leasehold improvements and renovations at the Duncan Facility funded by the Landlord to make the site fit for the permitted business purpose as a cannabis cultivation facility. The promissory note is unsecured, bares and interest rate of 5% per annum with monthly repayments. The initial term of the lease is 7 years through to April 2021, with options to extend for a further 5 years on the same terms and conditions.

The Companies have no other commitments for expenditure at December 31, 2016.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company has no off-balance sheet arrangements.

OUTLOOK

United Greeneries

The Duncan Facility is situated on a 1.2 acres property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acres land package located on Vancouver Island, British Columbia.

On June 28, 2016, Health Canada had approved United Greeneries LP as an authorized Licensed Producer at the Duncan Facility. The Duncan Facility has approximately 10,000 ft² of cultivation area and high compliance items such as a Level 8 Narcotics Vault and a full service in-house biochemical and analytical laboratory. The Duncan Facility has cultivation capacity of approximately 1,000 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

On August 13, 2016, United Greeneries exercised its option to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility from the Cowichan Tribes. United Greeneries exercised its option for the purpose of large scale greenhouse expansion of the Duncan Facility, subject to regulatory approval, market demand and other variables. The greenhouse expansion plan contemplates 3-phases of expansion for the full 40 acre land package that, if implemented, would result in Duncan Facility's production capacity growing from approximately 1,000 kg of cannabis per annum to an estimated 51,000 kg of cannabis per annum by the fiscal year ending June 30, 2020.

On March 8, 2017, United Greeneries entered into a formal lease for the expansion lands with the Cowichan Tribes.

The Lucky Lake Facility, located in Lucky Lake, Saskatchewan is a 62,000 sq ft concrete agricultural facility sitting on over 18 acres of land which is wholly-owned by United Greeneries, which is a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

The Lucky Lake Facility's application to become a Licensed Producer was submitted in March 2015 and is currently in the "security clearance stage" of the licensing process. For more information, see "*Risk Factors – Licensing Requirements under the ACMPR*". If licensed, Lucky Lake Facility's cannabis cultivation capacity is estimated to be up to 11,700 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

Satipharm

Satipharm has sublicensed the pharmaceutical cannabis application of Gelpell ® Microgel process to PhytoTech Therapeutics Ltd. ("**PhytoTech Therapeutics**"), MMJ's Israel-based subsidiary responsible for the Satipharm's research and development and clinical development activities. In March 2016, PhytoTech Therapeutics completed a phase 1 clinical study which highlighted the safety and performance of Satipharm's Gelpell ® Microgel CBD capsules in delivering CBD compounds to trial subjects. PhytoTech Therapeutics is currently utilizing the Gelpell ® Microgel process to finalize preparations to commence a phase 2 clinical study into the efficacy of its PTL 101 Capsules, which contain organically derived, highly purified CBD, in treating intractable epilepsy in children. The Gelpell ® Microgel process was chosen as the oral delivery system in the phase 2 studies after phase 1 studies showed that the Gelpell outperformed commercially available Sativex® demonstrating superior CBD plasma profile. The phase 2 clinical study is expected to commence in the first quarter of 2017 at a leading Israeli healthcare facility. If successful, the phase 2 clinical study trial results will be a key catalyst towards the commercial development of PTL 101 Capsules as prescription drug for the treatment of intractable epilepsy in children. PhytoTech Therapeutics is also in the final stages of preparing for the commencement of a phase 2 clinical study into the ability of PTL 201 Capsules in treating spasticity-related symptoms associated with multiple sclerosis patients.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

As at December 31, 2016, United Greeneries Holdings Ltd recorded a receivable of $100,357 for funds of $94,546 and accrued interest payable of $5,810 by Mr Andreas Gedeon, a director, under an unsecured loan agreement ("Loan"). The Loan incurs interest at a rate of 8% per annum and is repayable on or before April 30, 2017 and has been granted on arm's length, commercial terms. The unsecured loan payable by Mr. Gedeon to the Company was extended from January 31, 2017 to April 30, 2017.

RISKS AND UNCERTAINTIES

The Companies operate in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in the Companies is speculative and involves a high degree of risk and uncertainty.

Reliance on Licenses

United Greeneries' ability to cultivate, store and sell medical cannabis in Canada is dependent on the license (the "**License**"), which was granted by Health Canada to United Greeneries Ltd. ("**United Greeneries LP**"), a wholly-owned subsidiary of United Greeneries on July 28, 2016 designating United Greeneries LP as a "Licensed Producer" as such term is defined in the *Access to Cannabis for Medical Purposes Regulations* (Canada), as may be amended from time (the "**ACMPR**"). The License is valid until June 27, 2017, at which point, United Greeneries LP must apply to Health Canada for a renewal. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of United Greeneries. Although United Greeneries believes it will meet the requirements of the ACMPR for a renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

United Greeneries LP's current License does not permit United Greeneries LP to sell medical cannabis. Health Canada monitors the quality of the cannabis being produced by all Licensed Producers and pays particular attention to the quality of cannabis being produced by newly Licensed Producers entering the market. When a Licensed Producer is first licensed, they are typically issued a cultivation-only license. Once the producer has produced its first crop of marijuana, it must apply again to Health Canada to amend its existing license to allow for the sale of its products to the public. This graduated approach is utilized by Health Canada to verify that the cannabis being produced by Licensed Producers meets all of the quality standards set out under the ACMPR.

Once a Licensed Producer has finished producing the first crop of cannabis, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the *Good Production Practice*s set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public. As of the date of this Filing Statement, while United Greeneries LP has been approved to cultivate cannabis and is working towards obtaining a sales License, United Greeneries LP has not been approved by Health Canada to sell cannabis to the public.

Should Health Canada not amend the License to allow for sale to the public, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

Reliance on the Facilities

To date, United Greeneries' activities and resources have been primarily focused on its licensed facility situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acre land package located on Vancouver Island, British Columbia (the "**Duncan Facility**") and its proposed unlicensed facility located in Lucky Lake, Saskatchewan (the "**Lucky Lake Facility**"). United Greeneries expects to continue to focus primarily on the Duncan Facility for the foreseeable future. Adverse changes or developments affecting these two facilities, especially the Duncan Facility, may have a material and adverse effect on United Greeneries' ability to produce medical cannabis, business, financial condition and prospects. While United Greeneries LP has obtained a License for the Duncan Facility, it has not yet received a license under the ACMPR for the Lucky Lake Facility.

Lucky Lake Facility is not Licensed under the ACMPR

United Greeneries, through its wholly owned subsidiary United Greeneries LP, has applied to Health Canada to become a Licensed Producer under ACMPR for the Lucky Lake Facility. United Greeneries LP has not yet received a license for the Lucky Lake Facility. However, United Greeneries LP is currently in the security clearance stage of the licensing process. United Greeneries' ability to cultivate, store and sell medical cannabis at the Lucky Lake Facility is dependent on obtaining a license from Health Canada and there can be no assurance that United Greeneries LP will obtain such a license for the Lucky Lake Facility.

Expansion of Facilities

Expansion of the Duncan Facility and the Lucky Lake Facility (provided that it receives a license) is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of United Greeneries and may result in United Greeneries not meeting anticipated or future demand when it arises.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* (Canada), as amended (the "**CDSA**"), the ACMPR, the *Narcotic Control Regulations* (Canada), as amended (the "**NCR**"), and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
1	Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The assignment of an application number means that the application has completed the preliminary screening.
2	Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure that: (i) the location of the proposed site does not pose a risk to public health, safety and security; (ii) the proposed security measures outlined in the application meet the requirements of the ACMPR; and (iii) the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial and municipal legislation, regulations and bylaws, including zoning restrictions.

Stage	Overview
3 *Current stage of the licensing process for the Lucky Lake Facility*	Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the Royal Canadian Mounted Police are not able to provide updates on the status of security checks. Applications will only advance to the review stage once security clearances for all key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
4	Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications with respect to the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
5	Pre-License Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
6	Licensing: Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the Good Production Practices and record-keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) and to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a Licensed Producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public.

Facility Lease Risk

The Duncan Facility is located on property that is not owned by United Greeneries. Such property is subject to a long-term lease and similar arrangements in which the underlying land is owned by a third party and leased to United Greeneries. Under the terms of a typical lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. Unless the lease term is extended, the land, together with all improvements made, will revert to the owner of the land upon the expiration of the lease term. In addition, an event of default by United Greeneries under the terms of the lease could also result in a loss of the property should the default not be rectified in a reasonable period of time. The reversion or loss of such properties could have a material adverse effect on United Greeneries' operations and results.

Limited Operating History

United Greeneries entered the medical cannabis business in 2012. United Greeneries is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that United Greeneries will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Third Party Transportation

If and when United Greeneries obtains an amended License to sell to the public, in order for customers of United Greeneries to receive their products, United Greeneries would rely on third party transportation services. This could cause logistical problems and delays in future customers obtaining their orders beyond the direct control of United Greeneries. Any delay by third party transportation services would adversely affect United Greeneries' financial performance.

Moreover, security of the product during transportation to and from the Duncan Facility is critical due to the nature of the product. A breach of security during transport could have material adverse effects on United Greeneries' business, financials and prospects. Any such breach could impact United Greeneries' ability to continue operating under the License or the prospect of renewing the License.

History of Net Losses

United Greeneries and Satipharm have incurred operating losses in recent periods. Each of United Greeneries and Satipharm may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, United Greeneries and Satipharm expect to continue to increase its respective operating expenses as they implement initiatives to continue to grow their respective businesses. If United Greeneries and Satipharm's respective revenues do not increase to offset their respective expected increases in costs and operating expenses, United Greeneries and/or Satipharm will not be profitable.

Management of Growth

United Greeneries and Satipharm may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of United Greeneries and Satipharm to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage their respective employee bases. The inability of United Greeneries and Satipharm to deal with growth may have a material adverse effect on their respective businesses, financial conditions, results of operations and prospects.

Reliance on Management

The success of United Greeneries and Satipharm is dependent upon the ability, expertise, judgment, discretion and good faith of its respective senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Companies' business, operating results or financial condition.

Conflicts of Interest

United Greeneries and Satipharm may be subject to various potential conflicts of interest because of the fact that some of its respective officers and directors may be engaged in a range of business activities. In addition, United Greeneries and Satipharm's respective executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to United Greeneries and Satipharm, as applicable. External business interests may require significant time and attention of United Greeneries and Satipharm's respective executive officers and directors. In some cases, executive officers and directors may have fiduciary obligations associated with external business interests that may interfere with their abilities to devote time to United Greeneries or Satipharm's businesses and affairs, as applicable, and this could adversely affect United Greeneries and Satipharm's respective operations.

In addition, United Greeneries and Satipharm may also become involved in transactions that conflict with the interests of its respective directors and the officers, who may from time to time deal with persons, firms, institutions or corporations with which United Greeneries or Satipharm may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons, firms, institutions or corporations could conflict with those of

United Greeneries and Satipharm. In addition, from time to time, these persons, firms, institutions or corporations may be competing with United Greeneries or Satipharm for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of United Greeneries or Satipharm's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the applicable laws, the directors of United Greeneries and Satipharm are required to act honestly, in good faith and in the best interests of United Greeneries and Satipharm, respectively.

Litigation

United Greeneries or Satipharm may become party to litigation from time to time in the ordinary course of their respective businesses which could adversely affect their respective operations. Should any litigation in which United Greeneries or Satipharm become involved be determined against United Greeneries or Satipharm respectively, such a decision may adversely affect United Greeneries or Satipharm's respective abilities to continue operating and use significant resources. Even if United Greeneries or Satipharm, as the case may be, is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of United Greeneries and Satipharm's brands.

Cannabis is Not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Regulatory Risks

United Greeneries and Satipharm operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. United Greeneries' ability to grow, store and sell medical cannabis in Canada with respect to the Duncan Facility is dependent on its License from Health Canada, the need to maintain such License in good standing, the need to obtain Health Canada's approval to amend the License pursuant to the ACMPR to allow sale to the public and the need to maintain the amended License (if obtained) in good standing. Failure to: (i) comply with the requirements of the License; (ii) maintain this License; and (iii) obtain an amendment of the License to allow for sale of cannabis to the public would have a material adverse impact on the business, financial condition and operating results of the Companies.

United Greeneries and Satipharm will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to United Greeneries and Satipharm's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Companies.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Companies' control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Companies' earnings and could make future capital investments or the Companies' operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

United Greeneries LP is a Licensed Producer under the ACMPR. If and when the License is amended to allow for sale to the public, United Greeneries' business will continue to be subject to the ACMPR regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business with an agricultural product in a regulated industry, United Greeneries will need to continue to build brand awareness through significant investments in its strategy, production capacity and quality assurance. The Companies' brand and products may not be effectively promoted as intended. This new market and industry is marked by competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Environmental Regulations and Risks

United Greeneries and Satipharm's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect United Greeneries and Satipharm's respective operations.

Government approvals and permits are currently, and may in the future, be required in connection with United Greeneries and Satipharm's operations. To the extent such approvals are required and not obtained, United Greeneries and Satipharm may be curtailed or prohibited from the proposed production of medical cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Companies may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

United Greeneries and Satipharm's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. To the knowledge of management, United Greeneries and Satipharm are currently in compliance with all such laws. That said, any changes to such laws, regulations and guidelines are matters beyond the control of United Greeneries and Satipharm that may cause adverse effects to United Greeneries and Satipharm's respective operations and financial conditions.

On March 21, 2014, the Federal Court of Canada issued an interim order effecting the repeal of the *Marijuana Medical Access Regulations* (the "**MMAR**") and the application of certain portions of the *Marijuana for Medical Purposes Regulations* (the "**MMPR**") which are inconsistent with the MMAR in response to a motion brought by four individuals in *R v Allard* ("**Allard**"). As a result: (i) individuals who held a license to possess cannabis under the MMAR as at March 21, 2014 may continue to possess cannabis in accordance with the terms of that license except that the maximum quantity of dried cannabis authorized for possession shall be that which is specified by their license or 150 grams, whichever is less; and (ii) individuals who held, as of September 30, 2013, or were issued thereafter a valid license to produce cannabis under the MMAR can continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the ACMPR.

On June 11, 2015, the Supreme Court of Canada, in *R v Smith*, held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not aligned with the principles of fundamental justice. As a result, the Supreme Court of Canada declared that Sections 4(1) and 5(2) of the CDSA which prohibit possession and trafficking of non-dried forms of cannabis, are no longer of force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis derivatives for medical purposes. This ruling means that medical cannabis patients authorized to possess and use medical cannabis are no longer limited to using dried forms of cannabis and may possess and consume cannabis derivatives for medical purposes. The effect of the Supreme Court of Canada decision on Licensed Producers was not as clear since Licensed Producers were governed and licensed under the MMPR. In order to clarify the uncertainty surrounding a legal source of supply of cannabis as a result of the Supreme Court of Canada decision, on July 8, 2015, Health Canada issued certain exemptions under the CDSA, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

On February 24, 2016, the Federal Court of Canada delivered the *Allard* decision. In this decision, the Federal Court of Canada declared the MMPR invalid as it unconstitutionally violated patients protected rights to liberty and security under the *Canadian Charter of Rights and Freedoms* (Canada), as amended (the "**Charter**"). However, the Federal Court of Canada suspended the operation of the declaration of invalidity for 6 months to permit the Canadian legislature to enact a regime compliant with the Charter. The government did not choose to appeal the decision to the Federal Court of Appeal and has, instead, decided to respond to the decision by introducing legislation compliant with the Charter.

On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's decision in *Allard*.

The ACMPR is composed of 4 main parts, which are summarized below:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried marijuana or cannabis oil or starting materials (i.e. marijuana seeds and plants) in secure and sanitary conditions.

- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.

- Parts 3 and 4 include:

    - transitional provisions, which mainly relate to the continuation of MMPR activities by Licensed Producers;

    - consequential amendments to other regulations that referenced the MMPR (i.e. the NCR and the *New Classes of Practitioners Regulations* (Canada), as amended) to update definitions and broaden the scope of products beyond dried marijuana; and

    - provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016.

As of August 24, 2016, Health Canada now accepts applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis on their behalf. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of an injunction order by the Federal Court of Canada.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the MMPR. Further, all licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that MMPR Licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants must apply for licenses to produce under the ACMPR.

The risks to the business of United Greeneries represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for United Greeneries' products and could materially and adversely affect the business, financial condition and results of operations for United Greeneries.

While the impact of any of such changes is uncertain and highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on United Greeneries' operations that is materially different than the effect on similar-sized companies in the same business as United Greeneries.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond United Greeneries' control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce United Greeneries' earnings and could make future capital investments or United Greeneries' operations uneconomic.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect United Greeneries and Satipharm's ability to conduct sales and marketing activities and could have a material adverse effect on United Greeneries and Satipharm's respective businesses, operating results and financial conditions.

Competition

On November 30, 2016, the Task Force on Marijuana Legalization and Regulation (synonymous with the Task Force on Cannabis Legalization and Regulation) as appointed by the federal government of Canada (the "**Task Force**") published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In this report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates), drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of 4 plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities. The impact of this potential development may be negative for the Companies and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Companies will operate.

There is potential that the Companies will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Companies. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Companies.

The government of Canada has only issued to date a limited number of licenses under the ACMPR to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Companies. Because of the early stage of the industry in which the Companies operates, the Companies expects to face additional competition from new entrants. According to Health Canada there were 43 Licensed Producers as of April 19, 2017. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Companies expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Companies will require a continued level of investment in research and development, marketing, sales and client support. The Companies may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Companies.

Risks Inherent in an Agriculture Business

United Greeneries' business involves the growing of medical cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks. Although United Greeneries grows its products indoors under climate controlled conditions, and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Vulnerability to Rising Energy Costs

United Greeneries' medical cannabis growing operations consume considerable energy, making United Greeneries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of United Greeneries and its ability to operate profitably.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, United Greeneries and Satipharm face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination, unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of United Greeneries and Satipharm's products alone or in combination with other medications or substances could occur. United Greeneries and Satipharm may be subject to various product liability claims, including, among others, that United Greeneries and Satipharm's products caused injury, illness or loss, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against United Greeneries or Satipharm could result in increased costs, adversely affect United Greeneries and Satipharm's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of United Greeneries and Satipharm, respectively.

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of United Greeneries or Satipharm's products are recalled due to an alleged product defect or for any other reason, United Greeneries or Satipharm, as applicable, could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. United Greeneries and Satipharm may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Operating Risk and Insurance Coverage

United Greeneries and Satipharm have insurance to protect its assets, operations and employees. While United Greeneries and Satipharm believe their insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which United Greeneries and Satipharm are exposed. However, the Companies may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Companies might also become subject to liability for pollution or other hazards which may not be insured against or which the Companies may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Companies to incur significant costs that could have a material adverse effect upon United Greeneries and Satipharm's financial performance and results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, stock-based compensation. Actual results could differ from these estimates.

SUBSEQUENT EVENTS

On 9 January 2017, MMJ shareholders approved the Harvest One transaction at the general meeting of shareholders held on that date.

On 18 January 2017, MMJ advised that Canadian-based Harvest One Capital Inc. had launched a $15 million private placement ("the Placement") to finalise the acquisition of the Company's cannabis subsidiaries UG and Satipharm. The Harvest One Placement was completed on 23 February 2017, with Harvest One issuing 33,334,000 shares at C$0.75/share to raise $25 million before costs after a decision was made to increase the Placement in response to strong investor demand.

On 8 March 2017, United Greeneries signed a ten year lease commencing 1 March 2017 renewable for a further term of ten years for the expansion lands totalling 13 acres executed by the Cowichan Tribes. The rental payment is $27,300 per year for the first five years and $31,395 per year for the subsequent five years.

UNITED GREENERIES HOLDINGS LTD. AND SATIPHARM AG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE YEAR ENDED JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of United Greeneries Holdings Ltd. ("**United Greeneries**") and Satipharm AG ("**Satipharm**", and together with United Greeneries, the "**Companies**") for the year ended June 30, 2016. This MD&A should be read in conjunction with the combined audited financial statements of Satipharm and United Greeneries and accompanying notes for the year ended June 30, 2016. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise. The Company's accounting policies are in accordance with IFRS.

The effective date of this MD&A is April 19, 2017.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Companies or their management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Companies' business and operations;
- the intention to grow the business and operations of the Companies;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Companies to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Companies operate;
- the timely receipt of any required regulatory approvals;
- competition;
- the ability of the Companies to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Companies to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Companies believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Companies are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Companies.

The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Companies and/or persons acting on the Companies' behalf may issue. The Companies undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

United Greeneries' Business

The full name of United Greeneries is "United Greeneries Holdings Ltd.". United Greeneries' head and registered office is located at Suite 704, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

MMJ Bioscience Inc. (BC1044683), the predecessor to United Greeneries, was formed on July 31, 2015 by an amalgamation pursuant to the British Columbia *Business Corporations Act* between MMJ Bioscience Inc. (BC0993871) and 1032831 BC Ltd. (BC1032831), a wholly-owned subsidiary of PhytoTech Medical (UK) Pty Ltd., a corporation incorporated under the laws of the England and Wales ("**Phyto UK**"), which in turn is a wholly-owned subsidiary of MMJ PhytoTech Limited ("**MMJ**"), a corporation incorporated under the laws of Australia (formerly known as PhytoTech Medical). The amalgamated company continued to operate under the name "MMJ Bioscience Inc.". On August 17, 2015, MMJ Bioscience Inc. changed its name to "United Greeneries Holdings Ltd.".

United Greeneries is a wholly-owned subsidiaries of Phyto UK, which in turn is a wholly-owned subsidiary of ASX-listed MMJ, a vertically-integrated biopharmaceutical company focused on developing and commercializing cannabis plant-based therapeutics. MMJ was created from the merger of ASX-listed PhytoTech Medical and private company existing under the laws of British Columbia, MMJ Bioscience Ltd., in June 2015.

United Greeneries is a Canadian ACMPR Licensed Producer. United Greeneries has two main facilities, the Duncan Facility and the Lucky Lake Facility. United Greeneries' Duncan Facility is licensed to cultivate medical marihuana by Health Canada pursuant to its ACMPR License. Management of United Greeneries anticipates that the Duncan Facility will be issued a full ACMPR distribution license in the second quarter of 2017. The Lucky Lake Facility is at the ACMPR security clearance stage of review.

United Greeneries had interest income of $5,814 for the year ended June 30, 2016.

Satipharm's Business

The full name of Satipharm is "Satipharm AG". Satipharm's head and registered office is located at Riedstrasse 7, 6330 Cham, Switzerland.

Satipharm was incorporated on August 11, 2015, under the *Swiss Code of Obligations* (Switzerland), as amended. Satipharm is a private company that is a wholly-owned subsidiary of Phyto UK.

Satipharm is a European pharmaceutical, nutraceutical and cosmeceutical company, specialized in development, manufacturing and production of cannabis-based health, dietary and cosmetic products with a focus on legally accessible CBD. Cannabidiol (CBD) is one of at least 113 active cannabinoids identified in cannabis. It is a major phytocannabinoid, accounting for up to 40% of the plant's extract. CBD is considered to have a wide scope of potential medical applications – due to clinical reports showing the lack of side effects, particularly a lack of psychoactivity (as is typically associated with Δ9-THC), and non-interference with several psychomotor learning and psychological functions. The mechanisms of action of CBD (cannabidiol) are multifaceted. It offers considerably more than 10 different mechanisms of action, a few of which are currently under clinical trials. Satipharm also has worldwide exclusive rights to the Gelpell ® Microgel process for all cannabis applications.

Satipharm had revenue of $246,699 for the year ended June 30, 2016.

SELECTED ANNUAL FINANCIAL DATA

(in thousands of $)	Year ended June 30, 2016	6 months ended June 30, 2015	Year ended December 31, 2014
Revenue	247	Nil	32
Total Profit (Loss) from Continuing Operations	(3,383)	(1,463)	(1,649)
Profit (Loss) from Continuing Operations per Share	N/A	N/A	N/A
Profit (Loss) from Continuing Operations per Share (Diluted)	N/A	N/A	N/A
Total Assets	7,771	3,779	2,763
Total Non-Current Financial Liabilities	384	447	487
Distributions	N/A	N/A	N/A

RESULTS OF OPERATIONS

Summary of Cash Flows for the June 30, 2016, and 2015

	2016	2015
Cash Flows provided by (used in) operating activities	(2,456,006)	(972,607)
Cash Flows provided by (used in) investing activities	(3,109,812)	(1,098,732)
Cash Flows provided by financing activities	6,317,101	2,200,393
Cash, End of Period	880,337	129,054

Revenue for the year ended June 30, 2016 was $246,699 (Six months ended June 30, 2015 - $nil). The revenue was from sales of cannabis-based pharmaceutical product throughout the European market.

Revenues were lower than originally forecast due to a transaction processor suspending all Satipharm accounts. Satipharm overcame this challenge by partnering with UK supplement distributor, Prima Sport, who are now selling 10 mg and 100 mg Satipharm CBD Gelpell Gastro resistant Microgel Capsules via a dedicated online store at www.premiumcbd.co.uk in order to test a direct internet sales model.

Between December 2016 and January 2017, management conducted a review of inventory for the purposes of ensuring that the amount of inventory recognised on the statement of financial position are not being carried at higher than its recoverable amount. Due to issues related to government approvals and lack of sale activity for the six months between June 2016 to December 2016, management have decided to impair $878,000 of inventory for the period ended 30 June 2016.

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

The following tables sets out selected quarterly information for the last 8 completed fiscal quarters of the Companies:

	Q4 - FY2016	Q3 – FY2016	Q2 – FY2016	Q1- FY2016	Q4- FY2015	Q3 – FY2015	Q2 – FY2015	Q1- FY2015
Net Sales/Revenue	N/A	N/A	N/A	17,652	N/A	N/A	N/A	N/A
Net Income (Loss)	N/A	N/A	N/A	(476,818)	N/A	N/A	N/A	N/A
Basic and diluted Earnings (Loss) per share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Companies' financial information was only combined for the quarters ended Sep 30, 2015 (Q1 – FY2016), accordingly only one quarter of financial information is available.

LIQUIDITY

The table below sets out the cash, short-term debt and working capital at June 30, 2016.

	As at June 30, 2016
Cash	$880,337
Trade, other receivables & inventories	$858,379
Account Payables, borrowings and loans	$8,853,524
Working capital deficiency	$7,114,808

As at June 30, 2016, the Companies had cash available of $880,337. The Companies used $2,456,006 in operating activities during the year.

Cash from Operating Activities

Cash used in operating activities was $2,456,006 mainly for payments to suppliers and employee wages.

Cash from Investing Activities

Cash used in investing activities was $3,109,812 mainly for the purchases of property, plant and equipment.

Cash from Financing Activities

Cash provided from financing activities was $6,317,101 mainly from advances from MMJ.

At June 30, 2016, the Companies had a negative working capital of $7,114,808.

The Companies' ability to continue as a going concern is dependent on the continued funding from MMJ, raising further capital, generating revenues from its operations and/or reducing costs

CAPITAL RESOURCES

To date and for the foreseeable future, the Companies expect to finance operations through the issuance of common shares until the point at which its operations are profitable and self- funding. The Companies periodically evaluate the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

United Greeneries has an unlimited number of common shares authorized for issuance of which 51,000,000 common shares are issued and outstanding as at June 30, 2016. No other shares are issued and outstanding.

The authorized share capital of Satipharm consists of 10,000 Satipharm Shares with a nominal value of CHF 10 per Satipharm Share. There are 10,000 Satipharm Shares issued and outstanding as fully paid and non-assessable as of the date hereof. No other shares are issued and outstanding.

COMMITMENTS (Refer to note 23 of the June 30, 2016 combined financial statements)

	30 June 2016	**30 June 2015 (unaudited)**	**31 December 2014**
	$	**$**	**$**
Operating Lease Commitments			
Committed at the reporting date but not recognised as liabilities, payable:			
Within one year	154,951	100,800	100,800
One to five years	535,866	396,216	446,616
	690,817	497,016	547,416
Finance Lease Commitments			
Committed at the reporting date and recognised as liabilities, payable:			
Within one year	110,244	-	-
One to five years	442,566	-	-
Total commitment	532,810	-	-
Less: Future finance charges	(60,329)	-	-
Net commitment recognised as liabilities	472,481	-	-

The finance lease is between United Greeneries' wholly owned subsidiary, United Greeneries Operations Ltd (“**UGO**”) and Elk Valley Properties Ltd (“**Lessor**”) in connection with the lease of and leasehold improvements and renovations at the Duncan Facility funded by the Landlord to make the site fit for the permitted business purpose as a cannabis cultivation facility. The promissory note is unsecured, bears an interest rate of 5% per annum with monthly repayments. The initial term of the lease is 7 years through to April 2021, with options to extend for a further 5 years on the same terms and conditions

The Companies have no other commitments for expenditure at 30 June 2016.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Companies have no off-balance sheet arrangements.

OUTLOOK

United Greeneries

The Duncan Facility is situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acre land package located on Vancouver Island, British Columbia.

On June 28, 2016, Health Canada had approved United Greeneries LP as an authorized Licensed Producer at the Duncan Facility. The Duncan Facility has approximately 10,000 ft^2 of cultivation area and high compliance items such as a Level 8 Narcotics Vault and a full service in-house biochemical and analytical laboratory. The Duncan Facility has cultivation capacity of approximately 1,000 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

On August 13, 2016, United Greeneries exercised its option to lease approximately 13 acres of a 40 acre land package immediately adjacent to the existing Duncan Facility from the Cowichan Tribes. United Greeneries exercised its option for the purpose of large scale greenhouse expansion of the Duncan Facility, subject to regulatory approval, market demand and other variables. The greenhouse expansion plan contemplates 3-phases of expansion for the full 40 acre land package that, if implemented, would result in Duncan Facility's production capacity growing from approximately 1,000 kg of cannabis per annum to an estimated 51,000 kg of cannabis per annum by the fiscal year ending June 30, 2020.

United Greeneries expects that the lease for the expansion lands will be executed by Cowichan Tribes within the first quarter of 2017, upon completion of review by their legal counsel.

The Lucky Lake Facility, located in Lucky Lake, Saskatchewan is a 62,000 ft2 concrete agricultural facility sitting on over 18 acres of land which is wholly-owned by United Greeneries, which is a wholly-owned subsidiary of Phyto UK, which in turn is a wholly-owned subsidiary of MMJ.

The Lucky Lake Facility's application to become a Licensed Producer was submitted in March 2015 and is currently in the "security clearance stage" of the licensing process. For more information, see "*Risk Factors – Licensing Requirements under the ACMPR*". If licensed, Lucky Lake Facility's cannabis cultivation capacity is estimated to be up to 11,700 kg of cannabis per annum, subject to regulatory approval, market demand and other variables.

Satipharm

Satipharm has sublicensed the pharmaceutical cannabis application of Gelpell ® Microgel process to PhytoTech Therapeutics Ltd. ("**PhytoTech Therapeutics**"), MMJ's Israel-based subsidiary responsible for the Satipharm's research and development and clinical development activities. In March 2016, PhytoTech Therapeutics completed a phase 1 clinical study which highlighted the safety and performance of Satipharm's Gelpell ® Microgel CBD capsules in delivering CBD compounds to trial subjects. PhytoTech Therapeutics is currently utilizing the Gelpell ® Microgel process to finalize preparations to commence a phase 2 clinical study into the efficacy of its PTL 101 Capsules, which contain organically derived, highly purified CBD, in treating intractable epilepsy in children. The Gelpell ® Microgel process was chosen as the oral delivery system in the phase 2 studies after phase 1 studies showed that the Gelpell outperformed commercially available Sativex® demonstrating superior CBD plasma profile. The phase 2 clinical study is expected to commence in the first quarter of 2017 at a leading Israeli healthcare facility. If successful, the phase 2 clinical study trial results will be a key catalyst towards the commercial development of PTL 101 Capsules as prescription drug for the treatment of intractable epilepsy in children. PhytoTech Therapeutics is also in the final stages of preparing for the commencement of a phase 2 clinical study into the ability of PTL 201 Capsules in treating spasticity-related symptoms associated with multiple sclerosis patients.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

Related party transactions (See Note 22 of the June 30, 2016 financial statement)

(a) Key Management Personnel

The following persons were Directors during the period ended 30 June 2016:

Peter Wall	Non-executive Chairman *(appointed 27 July 2015)*
Andreas Gedeon	Managing Director *(appointed 27 July 2015)*
Michael Hinam	CEO – United Greeneries Ltd *(appointed 27 July 2015)*
Tomas Edvinsson	CEO – Satipharm AG *(appointed 10 August 2015, resigned 6 June 2016)*
Stanislav Sologubov	CEO – Satipharm AG *(appointed 6 June 2016)*

(b) Key Management Personnel compensation

No bonuses pertaining to the period ended 30 June 2016 had been recommended or paid at the date of this report.

Aggregate of remuneration paid to Key Management Personnel during the period as follows:

	For the period ended 30 June 20
	$
Short-term employee benefits - Cash salaries and fees	556,052
Early termination payments	-
Short term benefits – Annual leave	-
Long-term benefits – Superannuation	2,361
Share-based payments – Options and performance rights	93,856
	652,269

(c) Key Management Personnel compensation disclosure

Director fees paid to Pheakes Pty Ltd, an entity related to Mr Peter Wall	46,000
Director fees paid to Peregrine Consulting Ltd, an entity related to Andreas Gedeon	304,997

The remuneration of the Managing Director and the Chairman of the MMJ Group was paid by and recorded as an expense in MMJ. No remuneration expenses in relation to the Managing Director and the Chairman of the MMJ Group have been allocated to the Combined entity. The rational for this is that even after the Qualifying Transaction is effected, the remuneration of these two Directors will remain with MMJ. The function of these two Directors is the strategic management of the worldwide operations of the MMJ Group via MMJ.

(d) Other transactions with Key Management Personnel

During the reporting period, the Combined entity engaged the services on the following related-parties on normal commercial terms and conditions no more favourable than those available to other parties:

- Gelpell AG, an entity associated with Mr Tomas Edvinsson, received payments totalling $243,402 in relation to processing and manufacturing services provided to Satipharm AG in the production of the Company's CBD pills.

All amounts are inclusive of VAT.

(e) Loans to Key Management Personnel

In addition to the above, as at 30 June 2016 the Group recorded a loan receivable of $100,357 for funds of $94,546 and accrued interest receivable of $5,810 from Mr Andreas Gedeon, a director of the Combined entity, under an unsecured loan agreement ("**Loan**"). The Loan incurs interest at a rate of 8% per annum and is repayable on or before 30 April 2017 and has been granted on arm's length, commercial terms.

RISKS AND UNCERTAINTIES

The Companies operate in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in the Companies is speculative and involves a high degree of risk and uncertainty.

Reliance on Licenses

United Greeneries' ability to cultivate, store and sell medical cannabis in Canada is dependent on the license (the "**License**"), which was granted by Health Canada to United Greeneries Ltd. ("**United Greeneries LP**"), a wholly-owned subsidiary of United Greeneries on July 28, 2016 designating United Greeneries LP as a "Licensed Producer" as such term is defined in the *Access to Cannabis for Medical Purposes Regulations* (Canada), as may be amended from time (the "**ACMPR**"). The License is valid until June 27, 2017, at which point, United Greeneries LP must apply to Health Canada for a renewal. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of United Greeneries. Although United Greeneries believes it will meet the requirements of the ACMPR for a renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

United Greeneries LP's current License does not permit United Greeneries LP to sell medical cannabis. Health Canada monitors the quality of the cannabis being produced by all Licensed Producers and pays particular attention to the quality of cannabis being produced by newly Licensed Producers entering the market. When a Licensed Producer is first licensed, they are typically issued a cultivation-only license. Once the producer has produced its first crop of marihuana, it must apply again to Health Canada to amend its existing license to allow for the sale of its products to the public. This graduated approach is utilized by Health Canada to verify that the cannabis being produced by Licensed Producers meets all of the quality standards set out under the ACMPR.

Once a Licensed Producer has finished producing the first crop of cannabis, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the *Good Production Practice*s set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public. As of the date of this Filing Statement, while

United Greeneries LP has been approved to cultivate cannabis and is working towards obtaining a sales License, United Greeneries LP has not been approved by Health Canada to sell cannabis to the public.

Should Health Canada not amend the License to allow for sale to the public, the business, financial condition and results of the operation of United Greeneries would be materially and adversely affected.

Reliance on the Facilities

To date, United Greeneries' activities and resources have been primarily focused on its licensed facility situated on a 1.2 acre property that was previously the cold storage building for a large commercial greenhouse growing operation located directly adjacent on a 40 acre land package located on Vancouver Island, British Columbia (the "**Duncan Facility**") and its proposed unlicensed facility located in Lucky Lake, Saskatchewan (the "**Lucky Lake Facility**"). United Greeneries expects to continue to focus primarily on the Duncan Facility for the foreseeable future. Adverse changes or developments affecting these two facilities, especially the Duncan Facility, may have a material and adverse effect on United Greeneries' ability to produce medical cannabis, business, financial condition and prospects. While United Greeneries LP has obtained a License for the Duncan Facility, it has not yet received a license under the ACMPR for the Lucky Lake Facility.

Lucky Lake Facility is not Licensed under the ACMPR

United Greeneries, through its wholly owned subsidiary United Greeneries LP, has applied to Health Canada to become a Licensed Producer under ACMPR for the Lucky Lake Facility. United Greeneries LP has not yet received a license for the Lucky Lake Facility. However, United Greeneries LP is currently in the security clearance stage of the licensing process. United Greeneries' ability to cultivate, store and sell medical cannabis at the Lucky Lake Facility is dependent on obtaining a license from Health Canada and there can be no assurance that United Greeneries LP will obtain such a license for the Lucky Lake Facility.

Expansion of Facilities

Expansion of the Duncan Facility and the Lucky Lake Facility (provided that it receives a license) is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of United Greeneries and may result in United Greeneries not meeting anticipated or future demand when it arises.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marihuana) in Canada is regulated by the *Controlled Drugs and Substances Act* (Canada), as amended (the "**CDSA**"), the ACMPR, the *Narcotic Control Regulations* (Canada), as amended (the "**NCR**"), and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The assignment of an application number means that the application has completed the preliminary screening.
2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure that: (i) the location of the proposed site does not pose a risk to public health, safety and security; (ii) the proposed security measures outlined in the application meet the

Stage	Overview
	requirements of the ACMPR; and (iii) the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial and municipal legislation, regulations and bylaws, including zoning restrictions.
3 *Current stage of the licensing process for the Lucky Lake Facility*	**Security Clearance:** Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the Royal Canadian Mounted Police are not able to provide updates on the status of security checks. Applications will only advance to the review stage once security clearances for all key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
4	**Review:** Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications with respect to the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
5	**Pre-License Inspection:** Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the Good Production Practices and record-keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) and to ensure that the dried marihuana meets all quality control requirements before it is made available for sale. Once a Licensed Producer has finished producing the first crop of marihuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public.

Facility Lease Risk

The Duncan Facility is located on property that is not owned by United Greeneries. Such property is subject to a long-term lease and similar arrangements in which the underlying land is owned by a third party and leased to United Greeneries. Under the terms of a typical lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. Unless the lease term is extended, the land, together with all improvements made, will revert to the owner of the land upon the expiration of the lease term. In addition, an event of default by United Greeneries under the terms of the lease could also result in a loss of the property should the default not be rectified in a reasonable period of time. The reversion or loss of such properties could have a material adverse effect on United Greeneries' operations and results.

Limited Operating History

United Greeneries entered the medical cannabis business in 2012. United Greeneries is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that United Greeneries will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Third Party Transportation

If and when United Greeneries obtains an amended License to sell to the public, in order for customers of United Greeneries to receive their products, United Greeneries would rely on third party transportation services. This could cause logistical problems and delays in future customers obtaining their orders beyond the direct control of United Greeneries. Any delay by third party transportation services would adversely affect United Greeneries' financial performance.

Moreover, security of the product during transportation to and from the Duncan Facility is critical due to the nature of the product. A breach of security during transport could have material adverse effects on United Greeneries' business, financials and prospects. Any such breach could impact United Greeneries' ability to continue operating under the License or the prospect of renewing the License.

History of Net Losses

United Greeneries and Satipharm have incurred operating losses in recent periods. Each of United Greeneries and Satipharm may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, United Greeneries and Satipharm expect to continue to increase its respective operating expenses as they implement initiatives to continue to grow their respective businesses. If United Greeneries and Satipharm's respective revenues do not increase to offset their respective expected increases in costs and operating expenses, United Greeneries and/or Satipharm will not be profitable.

Management of Growth

United Greeneries and Satipharm may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of United Greeneries and Satipharm to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage their respective employee bases. The inability of United Greeneries and Satipharm to deal with growth may have a material adverse effect on their respective businesses, financial conditions, results of operations and prospects.

Reliance on Management

The success of United Greeneries and Satipharm is dependent upon the ability, expertise, judgment, discretion and good faith of its respective senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Companies' business, operating results or financial condition.

Conflicts of Interest

United Greeneries and Satipharm may be subject to various potential conflicts of interest because of the fact that some of its respective officers and directors may be engaged in a range of business activities. In addition, United Greeneries and Satipharm's respective executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to United Greeneries and Satipharm, as applicable. External business interests may require significant time and attention of United Greeneries and Satipharm's respective executive officers and directors. In some cases, executive officers and directors may have fiduciary obligations associated with external business interests that may interfere with their abilities to devote time to United Greeneries or Satipharm's businesses and affairs, as applicable, and this could adversely affect United Greeneries and Satipharm's respective operations.

In addition, United Greeneries and Satipharm may also become involved in transactions that conflict with the interests of its respective directors and the officers, who may from time to time deal with persons, firms, institutions or corporations with which United Greeneries or Satipharm may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons, firms, institutions or corporations could conflict with those of United Greeneries and Satipharm. In addition, from time to time, these persons, firms, institutions or corporations may be competing with United Greeneries or Satipharm for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of United Greeneries or Satipharm's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the applicable laws, the directors of United Greeneries and Satipharm are required to act honestly, in good faith and in the best interests of United Greeneries and Satipharm, respectively.

Litigation

United Greeneries or Satipharm may become party to litigation from time to time in the ordinary course of their respective businesses which could adversely affect their respective operations. Should any litigation in which United Greeneries or Satipharm become involved be determined against United Greeneries or Satipharm respectively, such a decision may adversely affect United Greeneries or Satipharm's respective abilities to continue operating and use significant resources. Even if United Greeneries or Satipharm, as the case may be, is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of United Greeneries and Satipharm's brands.

Cannabis is Not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Regulatory Risks

United Greeneries and Satipharm operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. United Greeneries' ability to grow, store and sell medical cannabis in Canada with respect to the Duncan Facility is dependent on its License from Health Canada, the need to maintain such License in good standing, the need to obtain Health Canada's approval to amend the License pursuant to the ACMPR to allow sale to the public and the need to maintain the amended License (if obtained) in good standing. Failure to: (i) comply with the requirements of the License; (ii) maintain this License; and (iii) obtain an amendment of the License to allow for sale of cannabis to the public would have a material adverse impact on the business, financial condition and operating results of the Companies.

United Greeneries and Satipharm will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to United Greeneries and Satipharm's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Companies.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Companies' control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Companies' earnings and could make future capital investments or the Companies' operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

United Greeneries LP is a Licensed Producer under the ACMPR. If and when the License is amended to allow for sale to the public, United Greeneries' business will continue to be subject to the ACMPR regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business with an agricultural product in a regulated industry, United Greeneries will need to continue to build brand awareness through significant investments in its strategy, production capacity and quality assurance. The Companies' brand and products may not be effectively promoted as intended. This new market and industry is marked by competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Environmental Regulations and Risks

United Greeneries and Satipharm's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect United Greeneries and Satipharm's respective operations.

Government approvals and permits are currently, and may in the future, be required in connection with United Greeneries and Satipharm's operations. To the extent such approvals are required and not obtained, United Greeneries and Satipharm may be curtailed or prohibited from the proposed production of medical cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Companies may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

United Greeneries and Satipharm's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. To the knowledge of management, United Greeneries and Satipharm are currently in compliance with all such laws. That said, any changes to such laws, regulations and guidelines are matters beyond the control of United Greeneries and Satipharm that may cause adverse effects to United Greeneries and Satipharm's respective operations and financial conditions.

On March 21, 2014, the Federal Court of Canada issued an interim order effecting the repeal of the *Marihuana Medical Access Regulations* (the "**MMAR**") and the application of certain portions of the *Marihuana for Medical Purposes Regulations* (the "**MMPR**") which are inconsistent with the MMAR in response to a motion brought by four individuals in *R v Allard* ("**Allard**"). As a result: (i) individuals who held a license to possess cannabis under the MMAR as at March 21, 2014 may continue to possess cannabis in accordance with the terms of that license except that the maximum quantity of dried cannabis authorized for possession shall be that which is specified by their license or 150 grams, whichever is less; and (ii) individuals who held, as of September 30, 2013, or were issued thereafter a valid license to produce cannabis under the MMAR can continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the ACMPR.

On June 11, 2015, the Supreme Court of Canada, in *R v Smith*, held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not aligned with the principles of fundamental justice. As a result, the Supreme Court of Canada declared that Sections 4(1) and 5(2) of the CDSA which prohibit possession and trafficking of non-dried forms of cannabis, are no longer of force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis derivatives for medical purposes. This ruling means that medical cannabis patients authorized to possess and use medical cannabis are no longer limited to using dried forms of cannabis and may possess and consume cannabis derivatives for medical purposes. The effect of the Supreme Court of Canada decision on Licensed Producers was not as clear since Licensed Producers were governed and licensed under the MMPR. In order to clarify the uncertainty surrounding a legal source of supply of cannabis as a result of the Supreme Court of Canada decision, on July 8, 2015, Health Canada issued certain exemptions under the CDSA, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

On February 24, 2016, the Federal Court of Canada delivered the *Allard* decision. In this decision, the Federal Court of Canada declared the MMPR invalid as it unconstitutionally violated patients protected rights to liberty and security under the *Canadian Charter of Rights and Freedoms* (Canada), as amended (the "**Charter**"). However, the Federal Court of Canada suspended the operation of the declaration of invalidity for 6 months to permit the Canadian legislature to enact a regime compliant with the Charter. The government did not choose to appeal the decision to the Federal Court of Appeal and has, instead, decided to respond to the decision by introducing legislation compliant with the Charter.

On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's decision in *Allard*.

The ACMPR is composed of 4 main parts, which are summarized below:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried marihuana or cannabis oil or starting materials (i.e. marihuana seeds and plants) in secure and sanitary conditions.

- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.

- Parts 3 and 4 include:

    - transitional provisions, which mainly relate to the continuation of MMPR activities by Licensed Producers;

    - consequential amendments to other regulations that referenced the MMPR (i.e. the NCR and the *New Classes of Practitioners Regulations* (Canada), as amended) to update definitions and broaden the scope of products beyond dried marihuana; and

    - provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016.

As of August 24, 2016, Health Canada now accepts applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis on their behalf. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of an injunction order by the Federal Court of Canada.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the MMPR. Further, all licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that MMPR Licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants must apply for licenses to produce under the ACMPR.

The risks to the business of United Greeneries represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for United Greeneries' products and could materially and adversely affect the business, financial condition and results of operations for United Greeneries.

While the impact of any of such changes is uncertain and highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on United Greeneries' operations that is materially different than the effect on similar-sized companies in the same business as United Greeneries.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond United Greeneries' control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce United Greeneries' earnings and could make future capital investments or United Greeneries' operations uneconomic.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect United Greeneries and Satipharm's ability to conduct sales and marketing activities and could have a material adverse effect on United Greeneries and Satipharm's respective businesses, operating results and financial conditions.

Competition

On November 30, 2016, the Task Force on Marijuana Legalization and Regulation (synonymous with the Task Force on Cannabis Legalization and Regulation) as appointed by the federal government of Canada (the "**Task Force**") published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In this report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates), drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of 4 plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities. The impact of this potential development may be negative for the Companies and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Companies will operate.

There is potential that the Companies will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Companies. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Companies.

The government of Canada has only issued to date a limited number of licenses under the ACMPR to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Companies. Because of the early stage of the industry in which the Companies operates, the Companies expects to face additional competition from new entrants. According to Health Canada there were 43 Licensed Producers as of April 19, 2017. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Companies expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Companies will require a continued level of investment in research and development, marketing, sales and client support. The Companies may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Companies.

Risks Inherent in an Agriculture Business

United Greeneries' business involves the growing of medical cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks. Although United Greeneries grows its products indoors under climate controlled conditions, and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Vulnerability to Rising Energy Costs

United Greeneries' medical cannabis growing operations consume considerable energy, making United Greeneries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of United Greeneries and its ability to operate profitably.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, United Greeneries and Satipharm face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination, unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of United Greeneries and Satipharm's products alone or in combination with other medications or substances could occur. United Greeneries and Satipharm may be subject to various product liability claims, including, among others, that United Greeneries and Satipharm's products caused injury, illness or loss, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against United Greeneries or Satipharm could result in increased costs, adversely affect United Greeneries and Satipharm's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of United Greeneries and Satipharm, respectively.

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of United Greeneries or Satipharm's products are recalled due to an alleged product defect or for any other reason, United Greeneries or Satipharm, as applicable, could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. United Greeneries and Satipharm may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Operating Risk and Insurance Coverage

United Greeneries and Satipharm have insurance to protect its assets, operations and employees. While United Greeneries and Satipharm believe their insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which United Greeneries and Satipharm are exposed. However, the Companies may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Companies might also become subject to liability for pollution or other hazards which may not be insured against or which the Companies may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Companies to incur significant costs that could have a material adverse effect upon United Greeneries and Satipharm's financial performance and results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, stock-based compensation. Actual results could differ from these estimates.

SUBSEQUENT EVENTS

On November 2, 2016, MMJ and Harvest One Capital Inc. ("**Harvest**") entered into a binding term sheet.

On December 7, 2016, MMJ, Phyto UK, United Greeneries, Satipharm and Harvest entered into a share exchange agreement (the "**Share Exchange Agreement**"). Pursuant to the Share Exchange Agreement and subject to the fulfillment of certain conditions, Harvest agreed to acquire from Phyto UK all of the issued and outstanding common shares of United Greeneries and all of the issued and outstanding registered shares of Satipharm in consideration for $42,000,000 payable by way of a combination of $2,000,000 in cash and issuance of 53,333,333 coommon shares of Harvest ("**Harvest Common Shares**") at $0.75 per Harvest Common Share (the "**Transaction**").

In connection with the Transaction, Harvest has appointed a syndicate of agents led by Mackie Research Capital Corporation (as the lead agent and sole bookrunner) and including Canaccord Genuity Corp., Dundee Capital Partners Limited, and GMP Securities L.P. to sell by way of a private placement a minimum of $22,000,000, plus an over-allotment option of up to an additional $3,000,000, subscription receipts at a price of $0.75 per Subscription Receipt for aggregate gross proceeds of no less than $15,000,000 .

Upon completion of the Transaction, and subject to approval by the TSX Venture Exchange (the "**Exchange**"), it is expected that Harvest (Harvest, following the completion of the Proposed Transaction, is referred to as the "**Resulting Issuer**") will be listed on the Exchange as a Tier 1 or Tier 2 Industrial or Life Sciences Issuer (as defined under Exchange policy). It is anticipated that the Resulting Issuer will change its name from "Harvest One Capital Inc." to "Harvest One Cannabis Inc.".

APPENDIX E

PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER

Please see attached.

Harvest One Capital Inc.

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016
(Expressed in Canadian dollars)
(Unaudited)

Harvest One Capital Inc. (to be renamed **Harvest One Cannabis Inc.)**

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

(Unaudited – Expressed in Canadian dollars)

	Note	Harvest One Capital Inc. $	Combined United Greeneries & Satipharm $	Pro-Forma Adjustments $	Pro-Forma Consolidated Statement of Financial Position $
CURRENT ASSETS					
Cash and cash equivalents	2(g)	15,842	777,027	25,000,500	21,473,339
	2(g)			(1,600,030)	
	2(g)			(720,000)	
	2(g)			(2,000,000)	
Trade and other receivables		-	414,505	-	414,505
Loan to Director		-	100,357	-	100,357
Inventory		-	613,015	-	613,015
Total Current Assets		**15,842**	**1,904,904**	**20,680,470**	**22,601,216**
NON-CURRENT ASSETS					
Property, plant & equipment		-	6,105,104	-	6,105,104
Total Non-Current Assets		**-**	**6,105,104**	**-**	**6,105,104**
TOTAL ASSETS		**15,842**	**8,010,008**	**20,680,470**	**28,706,320**
CURRENT LIABILITIES					
Trade and other payables		22,471	186,348	-	208,819
Interest-bearing liabilities		-	92,244	-	92,244
Due to related entities	3	-	9,890,150	(8,819,003)	1,071,147
Total Current Liabilities		**22,471**	**10,168,742**	**(8,819,003)**	**1,372,210**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities		-	336,473	-	336,473
Total Non-Current Liabilities		**-**	**336,473**	**-**	**336,473**
TOTAL LIABILITIES		**22,471**	**10,505,215**	**(8,819,003)**	**1,708,683**
NET ASSETS		**(6,629)**	**(2,495,207)**	**29,499,473**	**26,997,637**
EQUITY					
Share capital	3	313,485	4,859,005	15,169,436	30,082,240
	3			8,819,003	
	2(h)			921,311	
Option and warrant reserve	2(h)	9,477	470,295	(9,477)	8,132,435
	2(h)			151,106	
	3(a)			6,833,470	
	3(a)			677,564	
Accumulated deficit	2 (h)	(329,591)	(7,824,507)	329,591	(11,217,038)
	2			(1,392,531)	
	2(g)			(2,000,000)	
NET EQUITY		**(6,629)**	**(2,495,207)**	**29,499,473**	**26,997,637**

The Pro-forma Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position of Harvest One Capital Inc. ("Harvest One Capital" or the "Company") has been prepared in conformity with the Company's unaudited interim financial statements for the period ended December 31, 2016. They do not include all the information required for complete interim financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the unaudited interim financial statements for the period ended December 31, 2016.

The unaudited pro-forma consolidated financial statements have been prepared by management to give effect to the proposed Definitive Agreement dated December 7, 2016, as subsequently amended February 1, 2017, March 28, 2017, March 31, 2017 and April 10, 2017 (the "Agreement") between Harvest One Capital, MMJ PhytoTech Limited ("MMJ"), United Greeneries Holdings Ltd ("UG"), Satipharm AG ("Satipharm"), and PhytoTechMedical (UK) Pty Ltd. ("Phyto UK") whereby Harvest One Capital has agreed to acquire 100% of the issued and outstanding shares of UG and Satipharm (the "Transaction"). Under the terms of the Agreement, Harvest One Capital will pay Phyto UK $2,000,000 and issue 41,574,662 common shares of the Company ("Common Shares") such that Phyto UK will hold 46.7% of the issued and outstanding shares of the resulting issuer ("Resulting Issuer") on closing of the Transaction. Additionally, as consideration for the assumption by Harvest One Capital of debts owed to MMJ by UG and Satipharm in the amount of $8,819,003 (the "Target Debt"), MMJ will receive 11,758,671 Harvest Shares at an ascribed price of $0.75 per Harvest Share, representing a purchase price of $8,819,003 for the Target Debt. MMJ will hold Common Shares representing 13.2% of the issued and outstanding shares of the Resulting Issuer. Upon completion of the Transaction, the Company will be renamed Harvest One Cannabis Inc. (the "Name Change"). Prior to completing the Transaction, Harvest One will complete a consolidation of its issued and outstanding Common Shares at a 1.79 for 1 consolidation ratio (the "Consolidation"). Completion of the Transaction will constitute Harvest One's Qualifying Transaction in accordance with the policies of the TSX Venture Exchange.

Concurrently with the Transaction, the Company entered into an agreement with Mackie Research Capital Corporation (the "Lead Agent") to act as the lead agent to raise $25,000,500 by way of private placement (the "Offering"). The Offering was completed on February 22, 2017 through a syndicate of agents led by Mackie Research Capital Corporation and including Canaccord Genuity Corp., Eight Capital and GMP Securities L.P. (the "Agents"). Upon satisfaction of certain escrow release conditions set out in a subscription receipt agreement dated February 22, 2017 among Computershare Trust Corporation of Canada, the Company, the Lead Agent and MMJ, each Subscription Receipt shall be automatically exchanged, without any further action by the holder thereof and for no additional consideration, for one unit in the capital of the Company, consisting of one Common Share of the Resulting Issuer plus one half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share within 36 months following closing of the Transaction at an exercise price of $1.00. Unless otherwise expressed, all references herein to securities issuable in the Offering and corresponding subscription prices are made on a post-Consolidation basis.

The unaudited pro-forma consolidated statement of financial position as at December 31, 2016 of Harvest One Capital has been prepared by management using information derived from:

- Condensed interim unaudited financial statements of Harvest One Capital as at and for the nine months ended September 30, 2016; and
- Condensed interim unaudited combined financial statements of UG and Satipharm as at and for the three and six months ended December 31, 2016.

1. BASIS OF PRESENTATION (continued)

The pro-forma consolidated financial statements have been prepared for inclusion in the Filing Statement of Harvest One Capital dated April 19, 2017.

Accounting policies used in the preparation of the pro-forma consolidated financial statements are in accordance with those disclosed in the audited financial statements of the companies mentioned above which were all prepared in accordance with International Financial Reporting Standards ("IFRS").

Since Harvest One Capital does not constitute a business under IFRS, the Transaction is accounted for as a reverse acquisition with UG and Satipharm being identified as the acquirer for accounting purposes.

It is management's opinion that the pro-forma consolidated financial statements includes all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 2, and is in accordance with IFRS.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the financial statements and reports thereon included in the Filing Statement, being the audited financial statements of Harvest One Capital for the years ended December 31, 2015 and 2014, the condensed interim financial statements of Harvest One Capital for the three and nine months ended September 30, 2016 and 2015, the audited combined financial statements of UG and Satipharm for the periods ended June 30, 2016 and December 31, 2014, and the condensed interim combined financial statements of UG and Satipharm for the three and six months ended December 31, 2016 and 2015. The pro-forma consolidated financial statements have been prepared using the same accounting policies as those disclosed in the combined financial statements of UG and Satipharm for the period ended June 30, 2016.

The unaudited pro-forma consolidated financial statements give effect to the acquisition of Harvest One Capital by MMJ as if it had occurred on December 31, 2016 ("Acquisition Date"). These pro-forma financial statements should be read in conjunction with the financial statements of Harvest One Capital and the combined financial statements of UG and Satipharm for the applicable periods noted, including the notes thereto and the related Filing Statement of Harvest One Capital.

The pro-forma consolidated statement of financial position gives effect to the proposed transaction described above as if it occurred on December 31, 2016. Harvest One Capital has a fiscal year end of December 31 while UG and Satipharm have a fiscal year end of June 30. For purposes of the pro-forma financial statements, it is assumed that the period end is December 31, 2016 and the figures for the nine months ended September 30, 2016 were used for Harvest One Capital and six months ended December 31, 2016 were used for UG and Satipharm.

The pro-forma consolidated financial statements are not intended to be indicative of the financial position of the Company which would have actually resulted had the proposed transactions described above and other pro-forma adjustments occurred as assumed. Furthermore, the pro-forma financial statements are not necessarily indicative of the financial position and results that may be achieved in the future.

2. PRO-FORMA TRANSACTIONS AND ADJUSTMENTS

The pro-forma consolidated financial statements reflect the following assumptions and adjustments:

Following completion of the Transaction:

a) the Company will acquire all the issued and outstanding shares of UG and Satipharm whereby UG and Satipharm will become wholly owned subsidiaries of the Company;

b) the Name Change and Consolidation will become effective;

c) Phyto UK will hold 41,574,662 Common Shares of the Resulting Issuer, representing approximately 46.7% of the outstanding Common Shares after completion of the Transaction, assuming gross financing proceeds from the Offering of $25,000,500;

d) MMJ will hold 11,758,671 Common Shares of the Resulting Issuer, representing approximately 13.2% of the outstanding Common Shares after completion of the Transaction, assuming gross financing proceeds from the Offering of $25,000,500;

e) shareholders of Harvest One Capital prior to the completion of the Transaction, will hold 2,286,659 Common Shares plus 223,464 options, the Common Shares representing approximately 2.8% of outstanding Common Shares of the Resulting Issuer on a diluted basis after the completion of the Transaction, assuming gross financing proceeds of $25,000,500;

f) all directors of Harvest One Capital, with the exception of Anne Chopra, will have resigned and will have been replaced by nominees of MMJ; and

g) The Subscription Receipts will convert into 33,334,000 Common Shares and 16,667,000 Warrants immediately upon the closing of the Transaction.

The Transaction will constitute a reverse acquisition of Harvest One Capital. In accordance with IFRS, the combined UG and Satipharm entity is treated as the acquirer for accounting purposes. Consequently, the Transaction is accounted for as a continuation of the combined financial statements of UG and Satipharm, together with a deemed issuance of shares equivalent to the shares held by the former shareholders of Harvest One Capital, and a recapitalization of the equity of UG and Satipharm.

Consideration effectively transferred:

Fair value of 2,286,659 post-consolidated Harvest One Capital shares	1,234,796
Fair value of 223,464 post consolidated Harvest One Capital options	151,106
Less: recognized assets acquired	(15,842)
Add: identifiable liabilities assumed	22,471
Difference expensed as listing expense	1,392,531

2. PRO-FORMA TRANSACTIONS AND ADJUSTMENTS (continued)

Further pro-forma adjustments are as follows:

h) Reflects the impact of the Offering of 33,334,000 Subscription Receipts issued for gross cash proceeds of $25,000,500 and net cash proceeds of $20,680,470 after deducting cash consideration of $2,000,000 payable to Phyto UK, the Agents' expenses and commission of $1,600,030 and other estimated transaction costs of $720,000. The net proceeds have been allocated between share capital, warrants, and options based on their respective fair values. The fair value of the warrants and options was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.38%, expected life of warrants of 3 years and expected annualized volatility of 102%. There are no dividends.

i) Represents adjustments to record the reverse acquisition of Harvest One Capital as described above and the deemed issuance of 2,286,659 Common Shares and 223,464 options to shareholders of Harvest One Capital before the Qualifying Transaction.

j) Represents fair value of broker options issued. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.38%, expected life of options of 3 years and expected annualized volatility of 102%. There are no dividends.

(Unaudited – Expressed in Canadian dollars)

3. PRO-FORMA SHARE CAPITAL – RESULTING ISSUER

A continuity of the Harvest One Capital issued and outstanding Common Shares and related recorded value after giving effect to the pro-forma transactions described in Note 2 above is set out below:

	Note	Number of Shares #	Carrying Amount $
Harvest One Capital shares issued and outstanding at December 31, 2016		4,093,120	1,234,796
Effect of pro-forma transactions:			
Consolidation of Harvest One Capital shares on a 1.79 to 1 basis		(1,806,461)	
Consideration issued to Phyto UK	(a)	41,574,662	4,859,005
Consideration issued to MMJ for debt	(b)	11,758,671	8,819,003
Shares issued pursuant to the private placement	(a)	33,334,000	25,000,500
Share issue costs related to the private placement	(a)		(9,831,064)
Pro-forma share capital		88,953,992	30,082,240

3. PRO-FORMA SHARE CAPITAL – RESULTING ISSUER (continued)

Notes:

Harvest One Capital has agreed to acquire 100% of issued and outstanding shares of UG and Satipharm. Under the terms of the Agreement, Harvest One Capital will pay Phyto UK $2,000,000 and issue 41,574,662 Common Shares. Additionally, 11,758,671 shares will be issued to MMJ as consideration for settlement of the Target Debt. The Common Shares issued as consideration are priced at $0.75 per unit.

33,334,000 subscription receipts pursuant to the Offering of $0.75 per unit. Each unit includes one Common Share and one half warrant exercisable at $1.00 for a period of 36 months.

(a) Includes agents' commission of 6% of gross proceeds on $25,000,500, other estimated share issuance costs of $820,000, fair value of broker-agent options of $677,564 and fair-value of subscription share warrants of $6,833,470.

4. INCOME TAXES

The pro forma effective income tax rate applicable to the consolidated operations will be 28.3%.

APPENDIX F

CERTIFICATE OF ISSUER

HARVEST ONE CAPITAL INC.

DATED April 19, 2017

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Harvest One Capital Inc. assuming completion of the Transaction.

(signed) "Anne Chopra "	*(signed) "Anne Chopra"*
Anne Chopra	Anne Chopra
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Anne Chopra "	*(signed) "David Berg"*
Anne Chopra	David Berg
Director	Director

APPENDIX G

CERTIFICATE OF TARGET COMPANIES

UNITED GREENERIES HOLDING LTD.

DATED April 19, 2017

The foregoing document as it relates to United Greeneries Holdings Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of United Greeneries Holdings Ltd.

(signed) "Andreas Gedeon"	*(signed) "Kwong Choo"*
Andreas Gedeon	Kwong Choo
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Peter Wall"	*(signed) "Andreas Gedeon"*
Peter Wall	Andreas Gedeon
Director	Director

APPENDIX G (CONT'D)

CERTIFICATE OF TARGET COMPANIES

SATIPHARM AG

DATED April 19, 2017

The foregoing document as it relates to Satipharm AG constitutes full, true and plain disclosure of all material facts relating to the securities of Satipharm AG.

(signed) "Stanislav Sologubov"
Stanislav Sologubov
Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Andreas Gedeon"
Andreas Gedeon
Director

(signed) "Peter Wall"
Peter Wall
Director

APPENDIX H

ACKNOWLEDGEMENT OF PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or otherwise identified by the Exchange, from time to time.

Dated April 19, 2017.

HARVEST ONE CAPITAL INC.

By: *(signed) Anne Chopra*
Name: Anne Chopra
Title: CEO