FORM 2A

LISTING STATEMENT

MARICANN GROUP INC.

("Maricann Group")

Dated as at April 20, 2017

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1. GLOSSARY OF TERMS

Unless otherwise indicated, the following terms used in this Listing Statement and the Schedules hereto shall have the meanings ascribed to them as set forth below:

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulation* (ACMPR) which came into force on August 24, 2016 and replaced the MMPR as of August 24, 2016;

"**Acquisition**" means the reverse takeover of Danbel by Maricann by way of an amalgamation between Danbel Subco and Maricann, as contemplated in the Definitive Agreement;

"**Amalco**" means the company resulting from the amalgamation of Maricann and Danbel Subco on completion of the Amalgamation;

"**Amalgamation**" means the amalgamation of Maricann and Danbel Subco pursuant to the provisions of the OBCA and pursuant to which Danbel acquired all the issued and outstanding Maricann Shares;

"**Certificate of Amalgamation**" means the certificate of amalgamation for the Amalgamation issued by the Director pursuant to Subsection 178(4) of the OBCA;

"**Closing**" means the completion of the Reverse Takeover Transaction;

"**Closing Date**" means the date of the Closing;

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Consolidation**" means the consolidation of Danbel Shares on the basis of one (1) Post-Consolidated Danbel Share for each 9.22 pre-consolidated outstanding Danbel Shares as contemplated in the Meeting Matters;

"**Control Person**" means any Person or Company that holds or is one of a combination of Persons or Companies 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 Maricann;

"**Corporation**" or "**Maricann Group**" or **"Issuer"** means Maricann Group Inc., the company resulting from the completion of the Reverse Takeover Transaction;

"**CSE**" means the Canadian Securities Exchange Inc.;

"**Danbel**" means Danbel Ventures Inc. prior to completion of the Amalgamation and the Reverse Takeover Transaction;

"**Danbel Board**" means the board of directors of Danbel prior to completion of the Amalgamation and the Reverse Takeover transaction;

"**Danbel Options**" means options to purchase Danbel Shares or Post-Consolidated Danbel Shares, as the case may be, granted to the officers and directors of Danbel , prior to completion of the Amalgamation and the Reverse Takeover Transaction; ;

"**Danbel Preferred Shares**" means at any particular time the issued and outstanding preferred shares in the capital of Danbel ;

"**Danbel Shares**" means at any particular time the issued and outstanding common shares in the capital of Danbel prior to completion of the Amalgamation and the Reverse Takeover Transaction; ;

"**Danbel Subco**" means 2563554 Ontario Inc. prior to completion of the Amalgamation and the Reverse Takeover Transaction;

"**Definitive Agreement**" means the agreement dated March 3, 2017 between Danbel, Danbel Subco, and Maricann, relating to the Acquisition, and includes any subsequent amending agreement or instrument supplementary or auxiliary thereto;

"**Effective Date**" means the effective date of the Amalgamation, which was April , 2017;

"**Financings**" has the meaning ascribed thereto in Section 4 of this Listing Statement;

"**IFRS**" means International Financial Reporting Standards;

"**Liquidity Date**" means the date on which the Liquidity Event was completed;

"**Liquidity Event**" means the completion of the Amalgamation and the listing of the Maricann Group Shares on the CSE;

"**Listing Statement**" means this Listing Statement of the Corporation including the Appendices hereto;

"**Maricann**" means Maricann Inc. prior to completion of the Amalgamation and the Reverse Takeover Transaction;"

"**Maricann Group**" means Danbel after giving effect to the Amalgamation and completion of the Reverse Takeover Transaction;

"**Maricann Group Board**" means the board of directors of Maricann Group as presently constituted;

"**Maricann Group Compensation Options**" means the compensation options of Maricann Group issued pursuant to the Amalgamation in replacement for the outstanding Maricann Compensation Options;

"**Maricann Group Options**" means the stock options of the Maricann Group issued pursuant to the Amalgamation in replacement for the outstanding Maricann Options;

"**Maricann Group Securities**" means, collectively, the Maricann Group Shares, Maricann Group Compensation Options, Maricann Group Options and Maricann Group Warrants;

"**Maricann Group Shares**" means the common shares in the capital of Danbel after giving effect to the Amalgamation and the completion of the Reverse Takeover Transaction;

"**Maricann Group Warrants**" means the share purchase warrants of the Maricann Group issued pursuant to the Amalgamation in replacement for the outstanding Maricann Warrants;

"**Maricann Compensation Options**" means, collectively, the following securities which were outstanding prior to completion of the Amalgamation and the Reverse Takeover Transaction: (a) the broker compensation options of Maricann, each entitling the holder to acquire one unit at a price of $1.00 per unit, each unit consisting of one Maricann Share and one Maricann Warrant, and (b) the broker compensation options of Maricann, each entitling the holder to acquire one Maricann Share at a price of $2.85 per share;

"**Maricann Convertible Debentures**" means the senior unsecured convertible debentures of Maricann, which were outstanding prior to completion of the Reverse Takeover Transaction, in the aggregate principal amount of $22,500,000 issued on December 15, 2016 maturing on the Maturity Date and which were convertible on or before the Liquidity Date at a ratio of 1,000 Maricann Shares per $1,000 principal amount of debenture, subject to adjustment in certain events;

"**Maricann Options**" means the options of Maricann and rights to acquire Maricann Shares, which were outstanding prior to completion of the Reverse Takeover Transaction;

"**Maricann Securities**" means the Maricann Shares, Maricann Options, Maricann Compensation Options, Maricann Convertible Debentures and Maricann Warrants, collectively, prior to completion of the Amalgamation and the Reverse Takeover Transaction;

"**Maricann Shares**" means the common shares in the capital of Maricann prior to completion of the Amalgamation;"

"**Maricann Warrants**" means, collectively, the following securities which were outstanding prior to completion of the Reverse Takeover Transaction: (a) the share purchase warrants of Maricann entitling the holder thereof to purchase one (1) Maricann Share at an exercise price of $0.0655 per share until April 8, 2017, and (b) the share purchase warrants of Maricann entitling the holder thereof to purchase one (1) Maricann Share at an exercise price of $1.25 per share subject to adjustment in certain events and exercisable for a period of 24 months from the Liquidity Date, subject to an accelerated expiry following the Liquidity Date;

"**Maturity Date**" means June 15, 2017;

"**Meeting**" means the annual and special meeting of the shareholders of Danbel, held on April 13, 2017 which approved all of the Meeting Matters;

"**Meeting Matters**" means, inter alia, the following items which were approved by the shareholders of Danbel prior to completion of the Reverse Takeover Transaction.

i. the audited financial statements for the years ended December 31, 2015, December 31, 2014, December 31, 2013, December 31, 2012 and December 31, 2011;

ii. the appointment of auditors of the Corporation for the ensuing year;

iii. fixing of the number of directors of the Corporation at four (4) directors;

iv. the election of directors of the Corporation;

v. the ratifying and approval of the stock option plan for Danbel;

vi. the consolidation of Danbel Shares on the basis of one Post-Consolidated Danbel Share for each 9.22 outstanding Danbel Shares, such that Danbel will have 1,250,000 Danbel Post-Consolidated Shares issued and outstanding on a fully diluted basis;

vii. approval of Name Change of the Corporation;

viii. change of registered office of the Corporation;

ix. adoption of new by-laws of the Corporation; and

x. such further or other matters as shall properly come before the Meeting;

"**Name Change**" means the change of name of Danbel to "Maricann Group Inc."

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended, including all regulations promulgated thereunder;

"**Person**" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

"**Personal Information**" means any information about an identifiable individual;

"**Post-Consolidated Danbel Shares**" means the common shares in the capital of Danbel as constituted following the Consolidation;

"**Reverse Takeover Transaction**" means the Acquisition pursuant to the Definitive Agreement;

"**Stock Option Plan**" means the adoption of a "rolling" 10% stock option plan for the Maricann Group; and

"**Transfer Agent" or** "**Trustee**" means TSX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Listing Statement and the documents incorporated by reference herein contain or may contain certain statements or disclosures concerning Maricann Group and Amalco that constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, about possible events, conditions, results of operations, activities, events, outcomes, results or developments based on assumptions about future economic conditions and courses of action that Maricann Group or Amalco anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should" or "believe". In particular, this Listing Statement, and the documents incorporated by reference, contain or may contain forward-looking information pertaining to the following:

- the timing of the listing of the Maricann Group Shares on the CSE;
- the business strategy of the Maricann Group;

- the business to be carried on by the Maricann Group following the completion of the Amalgamation; and

Forward-looking information respecting:

- the perceived benefits of the Amalgamation which are based upon the financial and operating attributes of Amalco as at the date hereof;

- the attributes of the Maricann Group following completion of the Amalgamation which are based upon the existing attributes of Amalco (including financial and operating attributes);

- the structure and effect of the Amalgamation which are based upon the terms of the Definitive Agreement and the transactions contemplated thereby;

- certain steps in, and timing of, the Amalgamation and Reverse Takeover Transaction which are based upon the terms of the Definitive Agreement and advice received from counsel of Danbel and Maricann relating to timing expectations.

Maricann Group and Amalco relie on certain key expectations and assumptions in making the forecasts, projections, predictions or estimations set out in forward-looking information. These factors and assumptions are based on information available at the time that the forward-looking information is provided. These include, but are not limited to, expectations and assumptions concerning:

- prevailing commodity prices and exchange rates;

- the availability of capital to fund planned expenditures;

- prevailing regulatory, tax and environmental laws and regulations;

- the ability to secure necessary personnel, equipment and services; and

- the receipt of required approvals in respect of the Reverse Takeover Transaction, including without limitation, the approval of the CSE.

Undue reliance should not be placed on forward-looking information because a number of risks and factors may cause actual results to differ materially from those set out in such forward-looking information. These include:

- volatility in market prices for medical marijuana;

- risks and liabilities inherent in medical marijuana operations;

- competition for, among other things, capital, acquisitions of lands and greenhouses and skilled personnel;

- incorrect assessments of the value of acquisitions and development programs;

- technical and processing problems;

- actions by governmental authorities, including increases in taxes;

- the availability of capital on acceptable terms;

- fluctuations in foreign exchange, currency, or interest rates and stock market volatility;
- failure to realize the anticipated benefits of acquisitions;
- failure to receive regulatory and shareholder approvals or to otherwise satisfy conditions precedent to the completion of the Reverse Takeover Transaction;
- the other factors specifically identified as risk factors in this Listing Statement and the documents incorporated by reference herein; and
- potential labour unrest.

Readers are cautioned that the foregoing list of factors should not be construed as exhaustive.

The forward-looking statements included in this Listing Statement expressly qualified by this cautionary statement and are made as of the date of this Listing Statement. Maricann Group undertakes no obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws.

2. CORPORATE STRUCTURE

2.1 Corporate Name

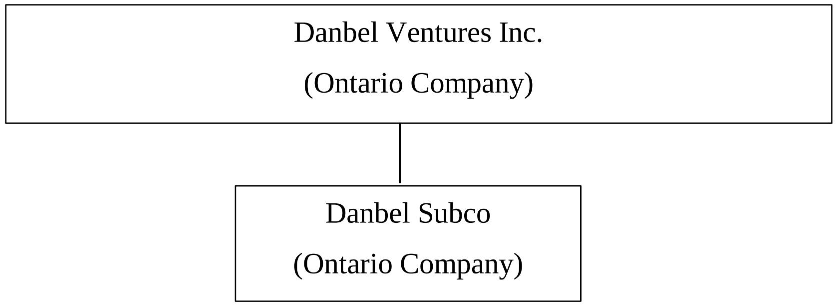
The full corporate name of the issuer is Maricann Group Inc. (formerly, Danbel Ventures Inc.). The head office and registered office of Marciann Group are located at 150 8th Concession Road, Langton, Ontario N0E 1G0.

2.2 Incorporation

Maricann Group Inc. was incorporated pursuant to Articles of Incorporation issued pursuant to the laws of the Province of Alberta on December 19, 1996 and continued into the Province of Ontario pursuant to Articles of Continuance filed in the Provinces of Ontario on December 24, 1998. On April , 2017 the Company filed Articles of Amendment to change its name from Danbel Ventures Inc. to Maricann Group Inc. on completion of the Reverse Takeover Transaction with Maricann.

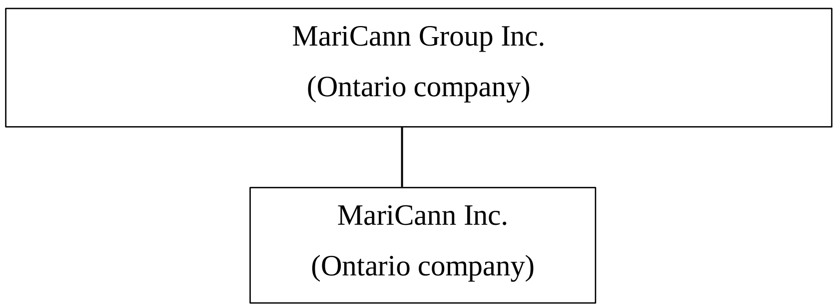
2.3 Inter-corporate Relationships

Prior to the Closing of the Reverse Takeover Transaction, Danbel (now Maricann Group) was an unlisted reporting issuer with no active business operations. It had no material subsidiaries other than Danbel Subco. Danbel Subco was incorporated on February, 27, 2017 under the OBCA with its head office and registered office located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9. Danbel Subco did not carry on any business from incorporation and had no assets and no liabilities. Danbel Subco was incorporated solely for the purposes of participating in the Acquisition.



Prior to the Closing of the Reverse Takeover Transaction. Maricann had no subsidiaries.[NTD: confirm]

On Closing of the Reverse Takeover Transaction, described below in Section 3-*General Development of the Business*, Maricann and Danbel Subco amalgamated to form new “Maricann Inc.” which became a wholly -owned subsidiary of Maricann Group. The corporate structure of Maricann Group is now as follows:



2.4 Fundamental Change

Immediately before listing on the Canadian Securities Exchange (“CSE”) Danbel, Danbel Subco and Maricann completed the Reverse Takeover Transaction. In conjunction with the transaction, Danbel changed its name to “Maricann Group Inc.”. Maricann Group now has only one active wholly-owned subsidiary, Amalco.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Business of Maricann Group

The business of Maricann became the business of Maricann Group on completion of the Reverse Takeover Transaction. Maricann Group now carries on business as a medically integrated producer and distributor of marijuana for medical purposes through its wholly-owned subsidiary, Amalco, the company resulting from the amalagamation of Maricann and Danbel Subco.

Acquisition

On December 15, 2016, Danbel entered into a letter of agreement with Maricann, which set out the basic terms and conditions pursuant to which it was intended that Danbel and Maricann would complete a business combination. On March 3, 2017, Danbel, Danbel Subco and Maricann entered into the Definitive Agreement.

Under the Definitive Agreement, Danbel agreed to combine its business with Maricann via the merger of Danbel Subco and Maricann. Under the terms of the Definitive Agreement all of the following conditions had to be satisfied for Closing of the Reverse Takeover Transaction:

(a) the CSE having conditionally approved the Acquisition;

(b) shareholder approval for the Danbel Meeting Matters including the Amalgamation, the Consolidation, the Name Change, the Registered Address Change, the adoption of the New Danbel Bylaws, the adoption of the New Danbel Stock Option Plan and the election of the Maricann Group Board;

(c) the amalgamation between Maricann and Danbel Subco becoming effective on or before June 15, 2017 or such other date as agreed to by Danbel and Maricann, acting reasonably;

(d) each of Danbel, Danbel Subco and Maricann having obtained all consents, approvals and authorizations, regulatory or otherwise, including any third party approvals and consents, required or necessary to be obtained in connection with the Acquisition;

(e) the CSE shall have conditionally approved the listing of the Maricann Group Shares issuable pursuant to the Amalgamation and upon exercise of any Maricann Group Securities convertible or exercisable into Maricann Group Shares, subject to such Exchange's usual conditions;

(f) there not being in force any order or decree restraining or enjoining the consummation of the transactions, including, without limitation, the Amalgamation; and

(g) the receipt by the CSE of a Sponsor Report (as such term is defined in the policies of the Exchange) in connection with the Reverse Takeover Transaction (if required by the CSE), in a form satisfactory to the Exchange and at the expense of Maricann.

All material consents, rulings, approvals and assurances required for the completion of the Reverse Takeover Transaction were obtained and the Reverse Takeover Transaction was completed on April , 2017.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General Business of Maricann Group

<u>Business Objectives</u>

Maricann Group conducts all of its active business through its wholly-owned subsidiary, Amalco. Amalco is engaged in the medical marijuana industry and is a licensed Medical Marijuana Producer as regulated by Health Canada under the Marihuana Medical Regulations ("**MMAR**") of the Government of Canada. Maricann first received its cultivation license on March 27, 2014 and its full Health Canada sales license to produce and distribute medical marijuana on December 12, 2014. All of Maricann's licences were renewed on March 27, 2017. Amalcois managed by a team of experienced industry experts who have more than 150 years of combined experience.

Amalco currently is focusing on the rapidly expanding Canadian medical marijuana industry. Amalco's management team is committed to aggressive, cost-effective growth, and intends to facilitate growth through cash flow from operations and strategic acquisitions in the future.

Maricann completed several financings (collectively, the "**Financings**") prior to completion of the Reverse Takeover Transaction.

In November, 2016 Maricann completed a non-brokered private placement of 4,618,604 common shares to existing shareholders at an issue price of $0.68 per share for gross proceeds of $3,148,704.

On December 15, 2016, Maricann completed a $22,500,000 brokered private placement financing with Eight Capital (formally, Dundee Capital Partners) (the "**Agent**"). Pursuant to the terms of the Financing, Maricann issued 22,500 units (the "**Units**"), with each Unit comprised of (a) one Maricann Convertible Debenture (having a principal of $1,000) and (b) 500 Maricann Warrants. Immediately prior to completion of the Reverse Takeover Transaction, the principal amount of the Maricann Convertible Debentures were converted into Maricann Shares at a conversion price of $1.00 per share and subsequently were exchanged for Maricann Group Shares pursuant to the Reverse Takeover Transaction. The Maricann Warrants were similarly exchanged pursuant to the Reverse Takeover Transaction and are now exercisable into Maricann Group Shares at an exercise price of $1.25 per share for a period of two years from the Closing Date of the Reverse Takeover Transaction, subject to an accelerated expiry in the event that the volume weighted average price of the Maricann Group Shares for any 20 consecutive trading days equals or exceed $1.90.

As partial consideration for their services, the Agent was issued 900,000 Maricann Compensation Options. Each Maricann Compensation Option was exchanged pursuant to the Reverse Takeover Transaction for a Maricann Group Compensation Option and are now exercisable to purchase one unit of the Maricann Group at an exercise price of $1.00 for a period of two years from the Closing Date of the Reverse Takeover Transaction. Each such unit is comprised of one Maricann Group Share and one Maricann Group Warrant, with each such warrant entitling the holder to acquire one Maricann Group Share at an exercise price of $1.25 per share for a period of two years from the Closing Date of the Reverse Takeover Transaction.

On March, 2017, Maricann completed an additional $10,005,167.25 brokered private placement financing with the Agent. Pursuant to the terms of the financing Maricann issued 3,510,585 Maricann Shares at $2.85 per share and 130,380 compensation options to the Agent. Each such Maricann Compensation Option is exercisable for one Maricann Share at an exercise price of $2.85 per share until March 7, 2019. On closing of the Reverse Takeover Transaction these Maricann Compensation Options were exchanged for Maricann Group Options on a one for one basis with the same terms and conditions of exercise.

With these funds as well as the aggregate net proceeds from the Financings, Maricann Group is well capitalized to expand its operations.

Overview of Industry

Market demand in Canada for cannabis is projected to be $8 billion by 2024, consisting of $3 billion of medical cannabis sales with approximately 800,000 patients and $5 billion of recreational/lifestyle cannabis sales. Amalco is one of approximately 39 licensed producers (LP) of cannabis in Canada under the ACMPR. Amongst consolidated companies, Amalco is one of approximately 29 with a license to sell and distribute cannabis to patients through direct distribution.

Under the ACMPR, licensed producers are permitted to cultivate and distribute medicinal marijuana in the form of dry cannabis flower, cannabis oil, or further compounded products that are individually licensed and meet the requirements of patients. Cannabis in Canada is an alternate therapy, requiring a prescription from a licensed physician.

Maricann Group believes that demand for its product will increase as ease of access to product improves, aided by changes in legislation at the federal level of government. Maricann Group estimates that the present demand for cannabis in Canada as currently supplied by the grey and black market is approximately $6 billion. As ease of access improves, with legal product from licensed producers available through traditional sales channels, it is anticipated that the grey and black market will disappear.

At present, Maricann Group estimates that grey and black market product costs on average $10 - $12 per gram, whilst product from licensed producers averages approximately $7.50-$8.50 per gram. Grey and black market product is not subject to government regulations or safe production and processing practices, whereas product distributed by LP's is cultivated in a safe environment, regulated by Health Canada.

Sales efforts by Amalco are handled by its operational management team and sales and marketing personnel. Most efforts are direct sales with customers, though Amalco also engages in trade shows and industry events.

9-Month Operational Highlights

For the nine months period ending September 30, 2016, Amalco had on average approximately 3,000 prescriptions filled per month. The amounts receivable from customers at September 30, 2016 were nil. Management has assessed these customers as creditworthy and Amalco has had no history of collection issues with these customers.

Amalco conducts its operations from its Langton, Ontario facility. Attracted by its fertile soil and centuries of local agricultural traditions, Amalco selected this site in Langton in September, 2013 and initially acquired an established 8,000 square foot growing operation. Amalco expanded that facility in size, output and onsite security to its current 42,000 sq. ft. footprint. The facility is situated close to major transportation routes extending across Ontario.

Amalco is attracting experts from the food, pharmaceutical and construction sectors to help it grow high-quality cannabis plants. Amalco currently has over 50 local employees and plans to continue to grow in the coming years.

Maricann's sales and production are expected to continue to increase in 2017 over 2016.

Amalco is well financed, with over $35 million of investment received since September 2016, sufficient capital to execute its objectives.

Maricann Group and Amalco are led by an experienced team of pharmaceutical, cannabis, infrastructure and financial experts.

Operational Milestones

The following sets forth the operational milestones relating to the achievement of Maricann Group's objectives.

- Explore expansion opportunities.
- Expand new facility.
- Expand inventory.
- Hire additional sales, customer service and financial support staff.
- Designing and engineering new products.

General Business of Maricann Group

Maricann Group is a vertically integrated medical marijuana product company, operating a cultivation, extraction and distribution business. The company currently operates on 100 acres of property under federal licence from the Government of Canada. Maricann Group is one of approximately 39 companies with a federal Licence to cultivate cannabis and one of approximately 29 with a federal licence to process and distribute cannabis. Maricann Group will continue to possess a loyal patient base with an average of more than 3,000 prescriptions filled monthly.

Business Objectives

The Maricann Group, using funds available as described in this Listing Statement, plans to expand operations. At present Amalco's facilities are unable to produce enough product to satisfy patient demand, therefore an expansion of cultivation and support facilities is a necessity. Amalco has developed a near term 203,500 sq. ft. expansion plan to support existing and future patient growth. Additional second phase expansion will take advantage of initial expansion capital investment to lower each 203,500 sq. ft. of additional greenhouse for $3 million less per phase than the current first phase. Each patient represents an average of approximately 0.95 grams per day in consumption of cannabis at an average sale price of approximately $7.50 per gram. On an annual basis the average patient will purchase approximately $2,600 of cannabis and Maricann Group, with an existing patient base of more than 3,000 active patients and additional prescriptions and orders filled daily will have more demand than capacity to supply medical marijuana and capital expenditure in expansion of cultivation facilities will be necessary in order to supply ever increasing demand.

In 2017, Maricann Group anticipates further growth through the acquisition of other businesses or through the acquisition of assets or the construction of new greenhouses. Maricann Group anticipates actively seeking out and evaluating expansion opportunities on an ongoing basis. Maricann Group expects to finance any growth strategies through equity, debt and cash flow from operations.

The future expansion of Maricann Group will be based on its objectives to: (i) build on the successful foundations that Amalco has built in its core areas; (ii) investigate opportunities to expand; (iii) increase greenhouses count; and (iv) improve its profitability.

Maricann Group expects to further focus on the rapidly expanding Canadian medical marijuana industry, growing through the acquisition of the newest technology in addition to a targeted acquisition and consolidation strategies where attractive acquisition can create synergy. Management believes that its asset base in a well-capitalized corporate structure will facilitate growth through cash flow from operations and strategic acquisitions.

Available Funds

Other than revenues from sales, Maricann Group will have no other amounts or sources of funds available to it, unless it pursues other financings. Maricann Group intends to use, or will have used, the gross consolidated working capital as follows:

Maricann Group has approximately $11,170,965 in opening consolidated pro forma working capital as at September 30, 2016. The following table sets forth the estimated working capital and amounts and sources of other funds of Maricann Group and Amalco as at the dates indicated.

Source of Funds	Amount ($)
Maricann Group's Working Capital Deficiency as of Sept. 30, 2016	(531,870)
Maricann's Working Capital Deficiency as of Sept. 30, 2016	(8,738,910)
Working Capital Pro Forma Adjustment as of Sept. 30, 2016	20,441,745
TOTAL AVAILABLE FUNDS	**11,170,965**

Excluded from the above total available funds are Amalco's November, 2016 and March, 2017 financings in the amount of $3,148,704 and $10,005,167 respectively. Including these financings the total available funds is $24,324,836.

The principal use of the Available Funds, as listed above is intended to be as follows.

Uses of Available Funds	Amount ($)
Costs for expansion of cultivation facility	7,000,000
Compounding Pharmacy	1,500,000
Unallocated Working Capital	2,670,965
TOTAL USES	**11,170,965**

Maricann Group intends to spend the funds available to it to further the Maricann Group's stated business objectives. Management of the Maricann Group currently expects that it will fund its on-going expansion of its cultivation facility and ongoing general and administrative costs using cash flow from its operations and future financing activities. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Maricann Group to achieve its stated business objectives.

Principal Products and Market

The target market for cannabis is for individuals aged 18 to 99 years old. Individuals suffer from a wide variety of ailments that achieve symptomatic relief with cannabinoid therapy, including:

Nervous System:

- CBN - Aids in sleep
- CBD/THCv - Reduces seizure frequency and convulsions
- CBD - Tranquilizing/Anxiety reliever

Digestive System:

- THCv - Appetite suppressant
- THC - Appetite stimulant
- CBD - Reduces contractions in the small intestines

Musculo-Skeletal

- CBD, CBG, CBC, THCv - Promotes bone growth
- THC, CBD, CBN - Suppresses muscle spasms
- THC, CBD, CBC - Reduces Inflammation

Endocrine System & Immune Response

- CBD, CBG - Kills or slows bacteria growth
- CBG - Treats fungal infections
- CBD - Reduces blood sugar levels
- CBD - Treats Psoriasis

From a recreational/lifestyle perspective, cannabis is effective in creating a euphoric and relaxing effect through:

- THC, CBD - promotes a feeling of euphoria and well being

The target market for cannabis is broad, being used across a majority of the population, across all socio-economic, and age groups. It is estimated that 27% of the Canadian adult population uses cannabis once per month, leading to a market of approximately 6 million plus Canadians.

The medical marijuana industry in which Maricann Group operates is, and will continue to be, very competitive. Medical marijuana service companies compete primarily on a regional basis, and competition may vary significantly from region to region at any particular time. Maricann Group anticipates achieving leadership in the cannabis industry through cost leadership in manufactured goods and quality and diversity differentiation in its products.

Maricann Group is focused on low cost production of cannabis in large-scale greenhouse operations and expects a significant reduction in its cost of goods sold per gram. Maricann Group is currently constructing a 203,500 sq. ft. expansion of greenhouse and processing facilities in addition to its existing 42,000 sq. ft. footprint. This facility, once complete, will allow Maricann Group to achieve economies of scale and Maricann Group expects a significant reduction in its cost of goods sold per gram.

Maricann Group has direct competitors, with future license applicants entering the market on a monthly basis. Competitors vary from well capitalized businesses with substantial operations and revenues, with market capitalizations varying from $200 million to $1.65 billion, having raised from $20 million to $150 million, to unsophisticated "mom and pop" owned businesses, in limited facilities with limited capital (less than $2 million) and no opportunity to expand their current facilities.

Maricann Group is currently positioned among the top companies in the sector, by revenue and production capacity.

Maricann Group has achieved success, increasing sales since inception to over $4 million in 2016. Competitors with similar licence and duration of business have achieved more significant revenue, $20 to

$28 million in 2016, propelled principally by ease of access to capital in the public markets, giving them the ability to spend on customer acquisition, and purchase of bulk inventory to supply their customer base, while offering enhanced merchandising and customer service.

Amalco completed a $10 million equity financing in March 2017, a $22.5 million convertible debenture financing in December 2016, and a previous round of financing of $3.15 million in November 2016. With these funds, Maricann Group is well capitalized to expand its operations.

The cannabis sector is in hyper growth with each of the public competitors engaged in significant expansion projects in Canada. Four competitors are engaged in international opportunities, including, Germany, Australia, Brazil and Spain, with new export markets recently established in Chile and Croatia.

Public competitors are well known, having achieved significant media coverage, with national recognition, and market awareness based on social media and web based initiatives.

Maricann Group's ability to compete will come through new initiatives, principally, marketing of its turn key product offering, new merchandising, awareness through social media, presence within clinics through investment, and differentiated products.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1(a) Annual Information of Danbel

Danbel has incurred costs in seeking, evaluating and negotiating a potential reverse takeover transaction, and in meeting the disclosure obligations imposed upon it as a reporting issuer. The following table sets out selected historical financial information for Danbel for the nine months period ended September 30, 2016 and for the years ended December 31, 2015 and December 31, 2014. Such information is derived from the unaudited financial statements of Danbel for the nine months period ended September 30, 2016 and the audited financial statements of Danbel for the years ended December 31, 2015 and December 31, 2014, and should be read in conjunction with such financial statements. See "Appendix *B – Financial Statements of Danbel*".

	For the Nine Months Period Ended September 30, 2016 ($)	For the Year Ended December 31, 2015 ($)	For the Year Ended December 31, 2014 ($)
Total Expenses	65,046	92,937	905,762
Amount deferred in connection with the Reverse Takeover Transaction	Nil	Nil	Nil

5.1 (b) Annual Information of Maricann

The following table presents selected financial information for Maricann as at the dates and for the periods indicated. The information set forth below for the nine months period ended September 30, 2016 and for the years ended December 31, 2015 and December 31, 2014, respectively, included as Appendix B to this Listing Statement.

The information set forth below should be read in conjunction with ''Management's Discussion and Analysis" and the historical financial statements of Maricann and related notes contained elsewhere in this Listing Statement. Maricann's historical financial information may not be indicative of Maricann Group's future performance and does not necessarily reflect what the financial position and results of

Maricann would have been had it operated as a separate, stand-alone public entity during the periods covered. Maricann's financial statements for the nine months period ended September 30, 2016 and for the years ended 2015 and 2014 are prepared and presented in accordance with International Financial Reporting Standards ("**IFRS**").

	Nine Months Period Ended September 30, 2016 (Unaudited) ($)	Year Ended December 31, 2015 (Audited) ($)	Year Ended December 31, 2014 (Audited) ($)
Income Statement Summary			
Total Revenue	2,756,100	1,971,810	443
Total Expenses	5,534,052	5,568,395	2,136,428
Net Loss	(2,777,952)	(3,596,585)	(2,135,985)
Balance Sheet Summary			
Cash	1,000	1,000	42,908
Total Assets	7,846,291	5,347,167	6,644,681
Long-Term Debt	14,664	87,329	nil
Shareholders' (deficiency) equity	(2,315,279)	64,191	3,420,314

5.2 Quarterly Information of Maricann

The following table presents selected unaudited financial information for Maricann for each of the five most recently completed quarters ending at September 30, 2016:

	2015 ($)		2016 ($)		
	Q3	Q4	Q1	Q2	Q3
Total Revenues	572,928	959,768	957,773	906,246	892,081
Net Loss	(753,581)	(1,211,516)	(884,018)	(774,397)	(1,119,537)

5.3 Dividends

Danbel and Maricann paid no dividends during the financial periods noted above.

There are no restrictions in the Maricann Group's articles or by-laws that could prevent the Maricann Group from paying dividends. The payment of any dividends on the Post-Consolidated Danbel Shares is not anticipated in the foreseeable future. Any decision to pay dividends on its shares will be made by the Maricann Group's Board of Directors on the basis of the Maricann Group's earnings, financial requirements and other conditions existing at such future time.

5.4 Foreign GAAP

The financial statements for Danbel and Maricann are both prepared in accordance with IFRS.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Danbel's management's discussion and analysis for the year ended December 31, 2015 and the nine months period ended September 30, 2016 are attached as Appendix D hereto.

Maricann's management's discussion and analysis for year ended December 31, 2015 and the nine months period ended September 30, 2016 are attached as Appendix E hereto.

7. MARKET FOR SECURITIES

7.1 Listings

Prior to listing of the shares of Maricann Group on the CSE, none of the securities of Maricann Group or Maricann were listed for trading on any stock exchange or quotation system. Maricann Group has applied to list the shares of Maricann Group on the CSE. The CSE has conditionally approved the listing of the shares of Maricann Group. Listing is subject to Maricann Group fulfilling all of the requirements of the CSE.

8. CONSOLIDATED CAPITALIZATION

8.1 Consolidated Capitalization -Maricann Group

The following table sets forth the capitalization of the Maricann Group as of the date hereof:

Security	Authorized	Outstanding as at the date hereof
Common Shares	Unlimited	72,516,984
Options/Rights(1) (5)	4,819,036	4,819,036
Warrants(2)	11,250,000	11,250,000
Compensation Options Shares(3)	900,000	900,000
Compensation Option Warrants(3)	900,000	900,000
Compensation Options(4)	130,380	130,380

Notes:

(1) Exercisable at prices ranging from $0.0655 per share to $1.25 per share.

(2) Exercisable at $1.25 per share for a period of two years from the Liquidity Date, subject to acceleration on the occurrence of certain events.

(3) Exercisable at an exercise price of $1.00 per option into one common share and one common share purchase warrant exercisable at a price of $1.25 per share for a period of two years from the Liqidity Date.

(4) Exercisable into one common share at an exercise price of $2.85 per share until March 7, 2019.

(5) Includes 305,100 options issuable to a certain service provider that have vested in satisfaction of services provided to date but, does not include an additional 915,300 options that have not yet vested and are only issuable on satisfaction of services still to be performed by such certain service provider at a future date.

9. STOCK OPTIONS TO PURCHASE SECURITIES

On April 13, 2017, the shareholders of Maricann Group approved a stock option plan (the "**Plan**"), to encourage common share ownership in Maricann Group by directors, officers, employees and consultants of Maricann and its subsidiaries and affiliates. The maximum number of common shares that may be set aside for issue under the Plan is 10% of the issued and outstanding common shares from time to time. Any shares subject to an option which for any reason are cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan. The option price for any common shares cannot be less than the price permitted by any stock exchange on which the common shares are then listed or other regulating body having jurisdiction.

Maricann Group options granted are subject to cancellation upon the termination of an optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of Maricann Group or any of its subsidiaries. The options are non-transferable. The Plan contains provisions for adjustment in the number shares issuable thereunder in the event of a subdivision, consolidation, reclassification or cheque in the common shares, a merger or other relevant changes in the Company's capitalization. The Board of Directors may from time to time amend or reverse the terms of the Plan or may terminate the Plan at any time.

Currently there are no Maricann Group options issued and outstanding under the Plan.

10. DESCRIPTION OF SECURITIES

10.1-Maricann Group

The authorized capital of Maricann Group consists of an unlimited number of Maricann Group Shares and an unlimited number of Maricann Group Preferred Shares issuable in series which may contain the rights, privileges and restrictions as determined by the Maricann Group Board. Holders of Maricann Group Shares are entitled to dividends, if, as and when declared by the Maricann Group Board, to one vote per share at meetings of shareholders of Maricann Group and, upon dissolution, to share equally in such assets of Maricann Group as are distributable to the holders of Maricann Group Shares. There are currently no Maricann Group stock options issued and outstanding under its Stock Option Plan.

As of the date hereof, there are 72,516,984 Maricann Group Shares issued and outstanding. In addition, as of the date hereof Maricann Group has the following issued and outstanding securities:

(a) 11,250,000 Maricann Group Warrants issued and outstanding entitling the holders thereof rights to acquire 11,250,000 Maricann Group Shares;

(b) 4,819,036 Maricann Group Options issued and outstanding entitling the holders thereof rights to acquire 4,819,036 Maricann Group Shares;

(c) 900,000 Maricann Group Compensation Options issued and outstanding entitling the holders thereof rights to acquire (i) 900,000 Maricann Group Shares pursuant to the share portion of the Maricann Group Compensation Options, and (ii) 900,000 Maricann Group Shares pursuant to the warrant portion of the Maricann Group Compensation Options; and

(d) 130,380 Maricann Group Compensation Options entitling the holders thereof to acquire 130,380 Maricann Group Shares.

Maricann Group Shares

The holders of Maricann Group Shares are entitled to dividends when declared by the board of directors of Maricann Group subject to the rights, privileges, restrictions and conditions attaching to any other class of share, to one vote per share at meetings of Maricann Group Shareholders and, upon liquidation to receive such assets of Maricann Group as are distributable to the holders of Maricann Group Shares.

Maricann Group Warrants

Each Maricann Group Warrant holder has the right to acquire one Maricann Group Share, subject to adjustment, at a price of $1.25 for a period of two years from the earlier of: (i) the date the Maricann Group Warrant is exercised at the election of the holder; and (ii) the completion of the Reverse Takeover Transaction.

Maricann Group Convertible Debentures

Each Maricann Convertible Debenture, entitled the holder thereof to acquire, upon exercise thereof, without additional payment, on or before the Liquidity Date 1,000 Maricann Shares per $1,000 principal amount of debenture and 500 Maricann Warrants. The Maricann Convertible Debentures had a maturity of June 15, 2017. All of the Maricann Convertible Debentures were automatically converted into Maricann Group Shares and Maricann Group Warrants on completion of the Reverse Takeover Transaction.

10.2 - 10.6-Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE -Form 2A are applicable to Maricann Group Shares.

10.7 (a)-Prior Sales

In the twelve months preceding the date of this Listing Statement, Maricann Group (Danbel) did not sell or distribute any securities other than as follows:

Date of Issuance	Description of Transaction	Number of Securities of Maricann	Price Per Security
April 25, 2017(1)	Issuance of shares for debt(1)	596,529 Post-Consolidated Danbel Shares	$0.51

Notes:

(1) Issued in satisfaction of $305,258.40 indebtedness of Danbel. Danbel Shares were consolidated on April , 2017 on the basis of 9.22 pre-consolidation common shares for each post -consolidated common share.

10.7(b)-Prior Sales

The following table summarizes the issuances of securities of Maricann since incorporation.

Date of Issuance	Description of Transaction	Number of Securities of Maricann	Price Per Security
April 25, 2013	Issuance of shares for cash(1)	2,000 Maricann Shares	$0.01
February 28, 2014	Issuance of shares for cash(2)(6)	100,000 Maricann Shares	$20.00
December 31, 2014	Issuance of shares for cash(3)(6)	20,000 Maricann Shares	$200.00
November 16, 2016	Issuance of shares for cash(4)(6)	14,016 Maricann Shares	$208.00
November 18, 2016	Issuance of shares for cash(5)(6)	1,122 Maricann Shares	$208.00
December 7, 2016	Stock Split(6)	41,230,603 Maricann Shares	N/A
January 17, 2017	Issuance of Shares for cash(7)	305,100 Maricann Shares	$0.0656
January 23, 2017	Issuance of Shares for services(8)	1,660,000 Maricann Shares	$0.656
December 15, 2016	Private Placement of Units(9)	22,500,000 Units(9)	$1,000.00
March 7, 2017	Private Placement of Shares(10)	3,510,585 Maricann Shares	$2.85

Notes:

(1) Issued for an aggregate purchase price of $20 or $0.01 per Maricann Share for the purpose of incorporating Maricann. These Maricann Shares were purchased for cancellation on April 30, 2014.

(2) Issued for an aggregate purchase price of $2,000,000 or $20.00 per Maricann Share for the purpose of providing working capital to Maricann.

(3) Issued for an aggregate purchase price of $4,000,000 or $200.00 per Maricann Share for the purpose of providing working capital to Maricann.

(4) Issued for an aggregate purchase price of $2,915,328 or $208.00 per Maricann Share for the purpose of providing working capital to Maricann.

(5) Issued for an aggregate purchase price of $233,376 or $208.00 per Maricann Share for the purpose of providing working capital to Maricann.

(6) On December 7, 2016, Maricann's Board of Directors approved a stock split on the basis of 305.10 post-split Maricann Shares for each 1 pre-split Maricann Share. As a result of the Maricann stock split, there were 41,230,603 Maricann Shares issued and outstanding.

(7) On January 17, 2017, Maricann issued 305,100 post-split Maricann Shares issued upon the exercise of 305,100 options for aggregate consideration of $20,000.

(8) Maricann issued 1,660,000 Maricann shares to Ben Ward in consideration for performance incentives pursuant to an employment agreement dated August 22, 2016, as amended, between Maricann and Ben Ward. See "*Material Contracts*".

(9) Each Unit consisted of (i) Maricann Convertible Debenture with a principal amount of $1,000, and (ii) 500 Maricann Warrants.

(10) Issued for an aggregate purchase price of $10,005,167 or $2.85 per Maricann Share for the purpose of providing working capital to Maricann.

10.8-Stock Exchange Price

None of the securities of Maricann Group or Maricann are posted for trading on any stock exchange.

11. ESCROWED SECURITIES

11.1-Escrow of Principal's Securities

The following sets out the number of Maricann Group Shares held by principals and certain other shareholders of Maricann Group that are currently held in escrow.

Name	Common Shares Held in Escrow After Giving Effect to the Reverse Takeover Transaction
Cannacan Inc. Sonia Mosaad	3,967,274 114,412 (5.6%)
Copper Lake Investments Inc.	4,604,933 (6.4%)
Caneri Holdings Inc.	7,627,500 (10.5%)
Eric Silver Medicine Professional Corp.	416,520 (0.6%)
Quimica Canada Ltd.	3,967,274 (5.5%)
R&FS Investments Inc. Felicity Stone	4,175,352 417,682 (6.3%)
Toped Holdings Inc.	4,073,768 (5.6%)
Richard Kropman	1,601,529 (2.2%)

Name	Common Shares Held in Escrow After Giving Effect to the Reverse Takeover Transaction
Ben Ward (CEO)	1,240,231 (rights) + 2,195,783 (4.7% partially diluted)
Jeremy Blumer (CFO)	533,925 Options + 220,282 (1.0% partially diluted)
Terry Fretz (COO)	1,830,600 Options + 17,600 (2.5% partially diluted)
TOTAL	33,882,309 + 2,364,525 Options + 1,240,231 Rights (51.7% partially diluted)

Maricann Group is classified as an emerging issuer pursuant to National Policy 46-201, and as such the securities listed above will be released from escrow in stages over a 36 month period form the date of listing on the CSE, with 10% having been released on that date and an additional 15% of such shares to be released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the listing date.

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of Maricann Group, as of the date hereof, only the following shareholder will beneficially own or exercise control or direction over Maricann Group Shares carrying more than 10% of the votes attached to such shares:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Outstanding Common Shares of Maricann Group
Caneri Holdings Inc. Toronto, Ontario	of record and beneficially	7,627,500	10.5%

13. DIRECTORS AND OFFICERS

13.1-13.3, 13.5, 13.11- Directors, Officers and Management of the Maricann Group

The following table lists the names and municipalities of residence of the directors, officers, and promoters of the Maricann Group as of the date hereof, their current and anticipated positions and offices with the Maricann Group, respectively, their principal occupations during the last five years and the number and percentage of Maricann Group Shares anticipated to be owned, directly or indirectly, or over which control or discretion is exercised by each.

Name and Municipality of Residence	Office with Maricann Group	Principal Occupation and Positions Held During the Last 5 Years	Number and Percentage of Post-Maricann Group Shares Owned, Beneficially Held or Controlled(1)(2)
Ben Ward(3) Oakville, Ontario	President, CEO and Director	President, CEO, Maricann Inc. and President, CEO, Canadian Cannabis Corp. and President, CEO, Joshua Gold Resources Inc.	3,436,014 (4.7%)
Julian Neil Tabatznik(3)(4) Toronto, Ontario	Chairman, Director	Chairman, Maricann Inc.	4,604,933 (6.4%)(4)
Raymond Stone(5) Toronto, Ontario	Secretary and Director	Secretary, Maricann and CEO, Futuremed Healthcare Products	4,175,352 (5.8%)(5)
Eric Silver(3)(6) Toronto, Ontario	Director	Self-Employed Doctor	416,520 (0.6%)
Jeremy Blumer Oakville, Ontario	Chief Financial Officer	CFO, Maricann Inc. and Head of Accounting of BlackBerry Ltd.	220,282 (0.3%)
Terry Fretz(7) Burlington, Ontario	Chief Operating Officer	COO, Maricann Inc. and President and General Manager of Watson Pharmaceuticals	17,600 (0.02%)

Notes:

(1) Based on 72,516,984 Maricann Group Shares issued and outstanding.

(2) Does not include the 17,999,416 Maricann Group Shares issuable on the exercise of options, rights and warrants outstanding.

(3) Member of the Audit Committee.

(4) Held through Copper Lake Investments Inc., a company controlled by Mr. Tabatznik.

(5) Held through R&FS Investments Inc., a company controlled by the Stone Family Trust.

(6) Held through Eric Silver Medicine Professional Corp., a company controlled by Mr. Silver.

(7) Held through Longgrass Marketing Inc., a company controlled by Mr. Fretz.

Each of the directors of the Maricann Group will hold office until the next annual meeting of the shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Maricann Group's articles or by-laws.

As of the date hereof, the directors and officers of Maricann Goup as a group beneficially own, directly or indirectly, an aggregate of 12,870,701 Maricann Group Shares representing 17.7% of the issued and outstanding shares of Maricann Group on a non-diluted basis.

Management and Directors

The following biographies provide certain selected information in respect of the persons who will be serving as directors, officers and/or management of the Maricann Group:

Ben Ward (President, CEO and Director of the Maricann Group)

Mr. Ward leads all facets of Maricann Group's operations, including its strategic direction and execution, finance and industry relations. He brings extensive domestic and global experience in business development, infrastructure development and capital markets to his leadership of MariCann Group. Mr. Ward was President and CEO of Joshua Gold Resources Inc. from January, 2011 to June, 2013 and President and CEO of Canadian Cannabis Corp. from July, 2013 to August, 2016. Mr. Ward holds a BA (Honors) and an MBA from Bradford University School of Management (England), the latter with a dual concentration in Operations and Finance.

Julian Neil Tabatznik (Chairman and Director of the Maricann Group)

Mr. Tabatznik is the Chairman of Maricann Group. He has been with Maricann since its incorporation in 2013 Mr. Tabatznik was Chairman of Genpharm Pharmaceuticals Inc. between 1993 and 1999, and then was Director of the Arrow Group of Companies, consisting of Oryx Pharmaceuticals Inc. and Cobalt Pharmaceuticals Inc. Mr. Tabatznik is Chairman of Blue Ice Capital and Blue Ice Pictures, founder of the Blue Ice Hot Docs Documentary Film Fund, and owner of The Bloor-Hot Docs Theatre.

Raymond Stone (Secretary and Director of the Maricann Group)

Mr. Stone founded Futuremed Healthcare Products, a healthcare distribution company, in 1985. Futuremed was listed on the Toronto Stock Exchange in 2006 and Mr. Stone served as CEO until its sale in 2012 to Cardinal Health, a global healthcare corporation based in the United States. Mr. Stone currently consults to the healthcare industry and sits on various boards.

Dr. Eric Silver (Director of the Maricann Group)

With extensive experience using medical cannabis to treat chronic pain, Dr. Silver co-founded L.E. Medical in 2002, a nutraceutical and natural health supplement company. Dr. Silver is an Assistant Professor and Clinical Teacher in the Department of Family and Community Medicine at the University of Toronto. He is a member of the College of Family Physicians of Canada, with a focused practice in interventional pain management.

Jeremy Blumer (Chief Financial Officer of the Maricann Group)

Mr. Blumer is the former Head of Accounting of BlackBerry Ltd. where he led all global reporting and compliance for operations in over 50 countries worldwide. He also oversaw all quarterly and yearly reporting to the United States Securities and Exchange Commission. Mr. Blumer brings over 20 years of finance experience in complex accounting and reporting, operational finance, planning and analysis. Mr.Blumer did his articling with Ernst & Young LLP and holds a CPA, CA designation, as well as a BComm from Queen’s University.

Terry Fretz (Chief Operating Officer of the Maricann Group)

Mr.Fretz is a long-time pharmaceutical executive. Mr. Fretz was integral in establishing and running two privately held generic pharmaceutical companies. Under his leadership, both organizations were recognized as the fastest growing pharma companies in Canada. Both companies were subsequently acquired by publicly traded multinationals. Mr.Fretz served as President and General Manager of Watson Pharmaceuticals – Canada before assuming his responsibilities at Maricann Group.

It is expected that each of the officers of the Maricann Group will devote 100% of their time to the business and affairs of the Maricann Group and each of the directors of the Maricann Group will devote such time as necessary to the business and affairs of the Maricann Group.

13.4- Board Committees of Maricann Group

Maricann Group has established and audit committee consisting of Ben Ward, Neil Tabatznik and Eric Silver. Maricann Group will establish the following committees of its board:

1. a compensation committee,

2. a corporate governance committee, and

3. a nominating committee.

Other committees of the board of directors may be instituted as the board of Maricann Group deems necessary or advisable.

13.6-Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter of the Maricann Group, or a security holder anticipated to hold sufficient securities of the Maricann Group to affect materially the control of the Maricann Group, within 10 years before the date of this Listing Statement, has been, a director, officer or promoter of any Person or Company that, while that Person was acting in that capacity, 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 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.

13.7-Penalties and Sanctions

No director, officer, promoter of the Maricann Group, or a security holder anticipated to hold sufficient securities of the Maricann Group to affect materially the control of the Maricann Group, has 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 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 security holder making a decision about Maricann Group Inc.

13.8-Personal Bankruptcies

No director, officer or shareholder holding a sufficient number of securities of the Maricann Group to affect materially the control of the Maricann Group, or a personal holding company of any such person has, within the past ten years, become 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 the assets of such person.

13.9-Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and promoters of the Maricann Group will be subject with respect to the operations of the Maricann Group. Certain of the directors, and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoters of the Maricann Group will be engaged in direct competition with the Maricann Group. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the OBCA. The OBCA requires that directors and officers of the Maricann Group, who are also directors or officers of a party which enters into a material contract with the Maricann Group or otherwise have a material interest in a material contract entered into by the Maricann Group, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Maricann Group’s directors to approve the contract.

13.10-Other Reporting Issuer Experience

The following directors, officers or promoters of the Maricann Group or directors or officers of the Maricann Group are, or within the past five (5) years have been, directors, officers or promoters of the following reporting issuers:

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
Ben Ward	Joshua Gold Resources Inc.	OTCBB & OTCPK	President & CEO	10/11	06/13
Ben Ward	Canadian Cannabis Corp.	OTCBB & OTCPK	President & CEO	07/13	08/16
Raymond Stone	Futuremed	TSX	CEO	01/06	02/12
Julian Neil Tabatznik	Cardiogenics Holdings Inc.	OTC US	Director	06/08	Present
Julian Neil Tabatznik	Kew Media Group Inc.	TSX	Director	11/15	Present

14. CAPITALIZATION

The following table sets forth the pro forma consolidated capitalization of the Maricann Group as at September 30, 2016.

Capital	Amount Authorized	Outstanding After Giving Effect to the Reverse Takeover Transaction(1)
Post-Consolidated Maricann Group Shares	unlimited	64,082,696 ($31,270,722)
Long-Term Debt		$14,664

Note:

(1) Excludes Maricann's November 2016 and March 2017 financing of $3,148,704 and $10,005,167 which resulted in the issuance of 4,168,604 common shares and 3,510,585 common shares respectively. This also excludes 305,100 common shares issued for $20,000 on January 17, 2017 upon exercise of options.

The following table sets forth the diluted share capital of the Maricann Group as of the date hereof.

Item	Number and Percentage of Maricann Group Shares Outstanding (Diluted)
Maricann Group Shares issued in exchange for Maricann Shares and Maricann Group Convertible Debentures	71,266,984 (78.73%)
Maricann Group Shares reserved for issuance upon the exercise of Maricann Group Options, Maricann Group Compensation Options and Maricann Group Warrants	17,999,416 (19.89%)
Maricann Group Shares held by existing shareholders	1,250,000 (1.38%)
TOTAL	**90,519,399 (100%)**

15. EXECUTIVE COMPENSATION

15.1-Compensation of Executive Officers

General

Maricann Group is still in its early stages of development. The Maricann Group will not immediately have a compensation committee but intends to establish one in the near term. Initially the compensation program for the Maricann Group will only provide for a base amount of cash compensation, with no formal long-term equity plan or bonus program in place. The compensation program of the Maricann Group will, however, provide for certain benefits on behalf of the NEOs.

Other than as described above, the Maricann Group does not intend to provide the NEOs with any additional personal benefits, nor does the Maricann Group intend to provide any additional compensation to its NEOs for serving as directors of Maricann.

The Board of Directors as a whole determines the level of compensation in respect of Maricann's senior executives. There were no long-term incentive awards. There are no pension plan benefits in place for the named executives and none of the NEOs, senior officers or directors of Maricann is indebted to Maricann. In addition, there are no plans in place with respect to the NEOs for termination of employment or change in responsibilities.

Base Salaries

To set base compensation levels, the Maricann Group will give consideration to objective factors such as level of responsibility, experience and expertise and subjective factors such as leadership, commitment and attitude. No formal incentive plan is currently in place.

Bonus Plan

If and when any bonus awards are determined to be issuable, they will be determined by reference to Maricann's actual performance relative to objectives and individual contributions toward such performance. All awards made to executive officers will be subject to the review and approval of the Maricann Board and will be examined in absolute terms as well as in relation to peer company performance.

Option Plan

The Stock Option Plan of Danbel will be replaced following the completion of the Amalgamation with a stock option plan to be approved at the Meeting which will continue as the stock option plan of the Maricann Group. The Maricann Group does not presently intend to issue any stock options to any individuals in the next 6 months.

Summary Compensation Table

The following table sets out all anticipated annual compensation to be paid by the Maricann Group during the twelve-month period following the closing of the Transaction.

Name and Principal Position	Year	Salary ($)[1]	Share-base awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other Compen-sation ($)[2]	Total Compen-sation ($)
					Annual incentive plans	Long-term incentive plans			
Ben Ward, CEO and President	2017	$200,000	Nil	Nil	$0	Nil	Nil	$0	$200,000
Jeremy Blumer, CFO	2017	$200,000	Nil	Nil	$0	Nil	Nil	$0	$200,000
Terry Fretz, COO	2017	$190,000	Nil	Nil	$0	Nil	Nil	$0	$190,000

Notes:

(1) Gross salary before local income taxes and withholdings.

(2) Additional compensation is travel benefits paid by Maricann Group on behalf of the employee.

Options to Purchase Securities

It is not expected that the Maricann Group will grant any new options after the completion of Reverse Takeover Transaction. The Board of Directors of the Maricann Group may decide to grant new options in the future.

Retirement Plans

The Maricann Group does not intend to implement, any retirement plans, pension plans or other forms of funded or unfunded retirement compensation for its employees.

Employment Contracts

It is expected that the Maricann Group will enter into employment agreements with Messrs. Ward, Blumer and Fretz in connection with the closing of the Amalgamation, the terms of which will be substantially similar to their current terms of employment and/or consulting.

Termination and Maricann of Control Benefits

Maricann Group does not intend to implement any pension or retirement plan which is applicable to the NEOs. Maricann Group has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who has acted or will act as an NEO of Maricann Group or Maricann , respectively, in connection with or related to the retirement, termination or resignation of such person, and Maricann Group will provide no compensation to any such person as a result of a change of control of the Maricann Group. The Maricann Group will not be party to any compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.

The Maricann Group does not intend to implement any plan or arrangement with respect to compensation to its executive officers, which would result from the resignation, retirement or any other termination of employment of the executive officers’ employment with the Maricann Group and its subsidiaries or which would result from a change of control of the Maricann Group or a change in the executive officers’ responsibilities following a change in control, where in respect of an executive officer the value of such compensation exceeds $100,000.

15.2-Director Compensation

The Maricann Group does not intend to implement any pension plan or other arrangement for non-cash compensation for its directors who are not NEOs, except incentive stock options. Maricann Group may issue stock options to directors, officers, employees and other service providers from time to time in the future.

Other than as set forth in the foregoing, no director of Maricann Group who is not an NEO has received compensation pursuant to:

(a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or

(c) any arrangement for the compensation of directors for services as consultants or experts.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing director, executive officer or senior officer of Maricann Group or Maricann is currently indebted to Maricann Group or Maricann.

17. RISK FACTORS

Investment in the Maricann Group must be considered highly speculative due to the nature of the Maricann Group's business. An investment in any securities of the Maricann Group should only be considered by those persons who can afford a total loss of their investment. In addition to other information contained in this Listing Statement, the following risk factors must be considered.

Volatility of Industry Conditions

The demand, pricing and terms for the sale of medical marijuana largely depend upon the level of industry activity for Canada and, to a lesser extent, the development of the Canada medical marijuana markets. Industry conditions are influenced by numerous factors over which the Maricann Group has no control, including the level of medical marijuana prices, expectations about future medical marijuana prices and production, the cost of producing and delivering medical marijuana; any rates of declining current production, political, regulatory and economic conditions; alternative fuel requirements; and the ability of medical marijuana companies to raise equity capital or debt financing.

The level of activity in Canada medical marijuana industry is volatile. No assurance can be given that expected trends in medical marijuana production and sales activities will continue or that demand for medical marijuana will reflect the level of activity in the industry. Any prolonged substantial reduction in medical marijuana prices would likely affect medical marijuana production levels and therefore affect the demand for medical marijuana. A material decline in medical marijuana prices or Canada industry activity could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows.

Access to Additional Financing

The Maricann Group may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Maricann Group when needed or on terms acceptable to the Maricann Group. The Maricann Group's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Maricann Group's growth and could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows.

Reliance on Major Customers

To date, Maricann has not entered into long term contracts with its customers. The loss of one or more major customers, or any significant decrease in sales provided to a customer, prices paid or any other changes to the terms of services with customers, could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows.

Agreements and Contracts

The business operations of the Maricann Group will depend on written and verbal performance based agreements with its customer base some of which are cancellable at any time by the Maricann Group or its customers. The key factors which will determine whether a client continues to use the Maricann Group are product and service quality and availability, reliability and performance of equipment used to produce its product and perform its services, technical knowledge and experience, reputation for safety and competitive pricing. There can be no assurance that the Maricann Group's relationship with customers will continue or that former customers will return, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows.

Reduced levels of activity in the medical marijuana industry can intensify competition and result in lower revenue to the Maricann Group. Variations in the medical marijuana and development budgets of medical marijuana companies which are directly affected by fluctuations in medical marijuana prices and the cyclical nature and competitiveness of the medical marijuana industry and governmental regulation, will have an effect upon the Maricann Group's ability to generate revenue and earnings as well.

Risks of Foreign Operations

Maricann's strategy is, and the Maricann Group's strategy is to consider exporting its expertise and technologies to foreign countries. Working outside of Canada gives rise to the risk of dealing with business and political systems that are different than what contractors are accustomed to in Canada. As a result, Maricann has hired employees who have experience working in the international arena (including Germany) and it is committed to recruiting qualified resident nationals on the staff of all of its international operations. The potential risks include: expropriation or nationalization; civil insurrection; labour unrest; strikes and other political risks; fluctuations in foreign currency and exchange controls; increases in duties and taxes; and changes in laws and policies governing operations of foreign based companies.

There can be no assurance that liabilities which may be incurred by the Maricann Group as a result of its foreign operations will be covered by such insurance or, if covered, that the dollar value of such liabilities will not exceed the Maricann Group's policy limits. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have an adverse effect on the Maricann Group.

Management of Growth

The Maricann Group may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Maricann Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Maricann Group to deal with this growth may have a material adverse effect on the Maricann Group's business, financial condition, results of operations and prospects.

Acquisition and Development Risks

The Maricann Group expects to selectively seek strategic acquisitions. The Maricann Group's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on the Maricann Group's resources and, to the extent necessary, the Maricann Group's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose the Maricann Group to additional risks including difficulties in integrating administrative, financial reporting, operational and information systems and managing newly acquired operations and improving their operating efficiency, difficulties in maintaining uniform standards, controls, procedures and policies through all of the Maricann Group's operations, entry into markets in which the Maricann Group has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to the Maricann Group's ongoing business.

In addition, future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities to the Maricann Group. The Maricann Group may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. The Maricann Group's failure to effectively address any of these issues could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows in the future.

Sources, Pricing and Availability of Equipment and Equipment Parts

Maricann sources its equipment and equipment parts from a variety of suppliers, most of whom are located in Canada and the United States. Should any suppliers of the Maricann Group be unable to provide the necessary equipment or parts or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on the Maricann Group's business, financial condition, results of operations and cash flows in the future.

Issuance of Debt

From time to time, the Maricann Group may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Maricann Group's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Maricann Group may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to the Maricann Group. Neither Maricann's articles nor its by-laws limited the amount of indebtedness that Maricann may incur and it is not expected that the Maricann Group's articles nor by-laws will contain such restrictions. As a result, the level of the Maricann Group's indebtedness from time to time, could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Operating Risks and Insurance

Maricann's operations are, and the Maricann Group's operations will be, subject to hazards inherent in the medical marijuana industry, such as equipment defects, malfunction and failures, and natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose the Maricann Group to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

The Maricann Group will continuously monitor its operations for quality control and safety. However, there are no assurances that the Maricann Group's safety procedures will always prevent such damages. Although the Maricann Group will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Maricann Group will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by the Maricann Group, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Maricann Group, the Maricann Group's ability to conduct normal business operations and on the Maricann Group's business, financial condition, results of operations and cash flows in the future.

Dilution

The Maricann Group may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Maricann Group which may be dilutive to the other shareholders.

Dividends

Neither Danbel nor Maricann has paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Maricann Group, the need for funds to finance ongoing operations and other considerations as the Maricann Group Board considers relevant.

Conflicts of Interest

Certain directors of Maricann Group are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Reliance on Key Personnel

The Maricann Group's success will depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Maricann Group's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near term operations of the Maricann Group are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas services industry is extremely competitive and there can be no assurance that the Maricann Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Maricann Group.

Changes in Laws, Regulations and Guidelines

Maricann's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.

On August 11, 2016, Health Canada announced the new ACMPR which came into force on August 24, 2016, replacing the MMPR as the regulations governing Canada's medical cannabis program.

As per Health Canada's statement and corresponding fact sheet released on August 11, 2016, the ACMPR allows Canadians who have been authorized by their health care practitioner, and who are registered with Health Canada, to produce a limited amount of medical marijuana for their own medical purposes, or to designate someone who is registered with Health Canada to produce it for them. Starting materials such as plants or seeds are to be obtained from Licensed Producers only. Individuals will also continue to have the option to purchase quality controlled medical marijuana from licensed producers such as Maricann. It is possible that such developments could significantly reduce the addressable market for Maricann's products and materially and adversely affect the business, financial condition and results of operations.

18. PROMOTERS

Eight Capital (formerly, Dundee Capital Partners) may be considered a promoter of Maricann Group based on its role in providing financial advisory and capital raising services to Maricann within the prior two years immediately preceding this Listing Statement. Eight Capital was compensated for its services by payment in cash and the grant of compensation options which are convertible into common shares and warrants of Maricann Group.

19. LEGAL PROCEEDINGS

There are no actual or pending material legal proceedings to which Maricann Group or Maricann Subidiary is a party or of which any of their assets is subject. Management of Maricann Group and Amalco are not aware of any such material legal proceedings contemplated against Maricann Group and Amalco.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

21. AUDITORS, TRANSFER AGENT AND REGISTRAR

21.1-Auditors

The auditors of Maricann Group and Amalco are Ernst & Young LLP, through its offices in Toronto, Ontario

21.2-Transfer Agent and Registrar

The transfer agent and registrar for Maricann Group's securities is TSX Trust Company, located at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1. MATERIAL CONTRACTS

21.3(a)-Danbel Material Contracts

Danbel has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect, other than contracts in the ordinary course of business, except:

(a) Definitive Agreement dated March 3, 2017 between Maricann, Danbel and Danbel Subco.

Copies of this agreement are available for inspection at the offices of Danbel's counsel, Weir Foulds LLP, at 4100 - 66 Wellington Street West, TD Bank Tower, Toronto, Ontario, M5K 1B7, at any time during ordinary business hours until 30 days after the Closing Date and may also be found on SEDAR at www.sedar.com.

21.3(b)-Maricann Material Contracts

Maricann did not enter into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect, other than contracts in the ordinary course of business, except:

(1) Lease dated as of September 20, 2013 between Maricann, as tenant, and MMAR.CA Inc., as landlord, in respect of the property municipally known as 150 8th Concession Road, Langton, Ontario.

(2) Lease dated as of January 29, 2014 between Maricann, as tenant, and George Lucien Vermeersch and Wilhelmina Rika Vermeersch., as landlord, in respect of the property municipally known as 150 8th Concession Road, Langton, Ontario.

(3) Lease dated November 17, 2016 between Maricann, as tenant, and DIR Properties (GP) Inc., as landlord, in respect of the property municipally known as 845 Harrington Court, Unit No. 3, Burlington, Ontario.

(4) Consulting Services Agreement dated October 14, 2016 between Maricann and SFE Management, LLC.

(5) Consulting agreement dated December 18, 2013 between Maricann and Dr. Ira Price.

(6) Consulting agreement dated June 1, 2015 between Maricann and Dr. Kevin Rod.

(7) Phantom stock option agreement dated as of January 1, 2014 between Maricann and Dr. Ira Price.

(8) Research sponsorship agreement made as of April 1, 2015 among Dr. Kevin Rod, Toronto Poly Clinic Inc. and Maricann.

(9) Employment agreement dated as of August 22, 2016 between Maricann and Benjamin Ward, as amended.

(10) Employment agreement dated as of October 31, 2016 between Maricann and Terry Fretz.

(11) Employment agreement dated as of January 10, 2017 between Maricann and Jeremy Blumer.

(12) Fixed Rate Loan Agreement dated January 11, 2016 between Pace Savings & Credit Union Limited and Maricann in the amount of $2,000,000 (the "**FRLA**").

(13) Line of Credit Agreement dated January 11, 2016 between Pace Savings & Credit Union Limited and Maricann in the amount of $2,000,000 (the "**LOC Agreement**").

(14) General Security Agreement dated January 11, 2016 between Pace Savings & Credit Union Limited and Maricann to secure Maricann's obligations pursuant to the FRLA and LOC Agreement referred to in Items 11 and 12 above.

(15) Commitment Letter dated November 2, 2015 between Pace Savings & Credit Union Limited and Maricann, with respect to the FRLA and LOC Agreement referred to in Items 11 and 12 above.

(16) Mortgage in favour of Pace Savings & Credit Union Limited in the amount of $765,375, with respect to Maricann's property located at 138 8th Concession Road, Langton, Ontario (the "**Mortgage**").

(17) Commitment Letter dated January 13, 2016 between Pace Savings & Credit Union Limited and Maricann with respect to the Mortgage referred to in Item 15 above.

(18) Pace Savings & Credit Union Limited, Maricann, John Bonin, Richard Kropman, Peter Saunders, Alexandre Sibilev, Copper Lake Holdings Limited, R&FS Holdings Limited, Quimica Canada Ltd., Toped Holdings Inc., Cannacan Inc., L.E. Medical Inc., Neil Tabatznik, Raymond Stone, Antonio Pedro, Sonia Mosaad and Lori Etkin.

(19) Definitive Agreement dated March 3, 2017 between Maricann, Danbel and Danbel Subco.

Copies of all material contracts are available for inspection by contacting Maricann Group at 138 8th Concession Road, Langton, Ontario, at any time during ordinary business hours until 30 days after the Closing Date.

22. INTEREST OF EXPERTS

The following opinions or reports have been described or included in this Listing Statement:

> The financial statements of Maricann and Danbel included in this listing statement have been audited by Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, as set forth in their audit report. Ernst & Young are the independent auditors of Maricann and Danbel and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

No person or Company who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement has any direct or indirect interest in the Maricann Group or Amalco.

There are no other expertised reports other than those contained herein.

23. OTHER MATERIAL FACTS

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to Maricann Group and its securities.

24. FINANCIAL STATEMENTS

See Appendices A to E.

APPENDIX A

FINANCIAL STATEMENTS OF DANBEL

DANBEL VENTURES INC.

Unaudited Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2016
(Expressed in Canadian Dollars)

Notice to Reader

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended September 30, 2016 and 2015, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, HS & Partners LLP, have not performed a review of the interim consolidated financial statements for the interim periods ended and as at September 30, 2016 and 2015 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

CONTENTS

Danbel Ventures Inc.
Unaudited Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

These interim financial statements have not been reviewed by the Company's external auditors.

As at	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$ 474	$ 519
	$ 474	**$ 519**
EQUITY AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 3)	105,479	65,156
Shareholder Loan (note 4)	176,865	152,187
Loan Payable (note 3)	250,000	250,000
	532,344	**467,343**
Going Concern (note 1)		
Shareholders' Deficiency		
Capital stock (note 5)	3,814,342	3,814,342
Deficit	(4,346,212)	(4,281,166)
	(531,870)	**(466,824)**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY	**$ 474**	**$ 519**

See accompanying notes to financial statements.

On behalf of the Board.

¨Michael Stein¨
Director (signed)

¨Gabriel Nachman¨
Director (signed)

Danbel Ventures Inc.

Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

These interim financial statements have not been reviewed by the Company's external auditors.

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Expenses				
General and administrative expenses	$6,028	$4,740	$31,466	$44,056
Interest	11,290	10,080	33,580	28,032
Net Loss and Comprehensive Loss	**$(17,318)**	**$(14,820)**	**$(65,046)**	**$(72,088)**
Loss per share				
Basic and fully diluted	**$(0.003)**	**$(0.002)**	**$(0.012)**	**$(0.013)**
Weighted average number of shares outstanding				
Basic and fully diluted	**5,667,716**	**5,667,716**	**5,667,716**	**5,667,716**

See accompanying notes to financial statements.

Danbel Ventures Inc.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

These interim financial statements have not been reviewed by the Company's external auditors.

	Capital Stock	Deficit	Total
Balance, January 1, 2015	$3,814,342	$(4,188,229)	$(373,887)
Net loss and comprehensive loss	-	(72,088)	(72,088)
Balance, September 30, 2015	**$3,814,342**	**$(4,260,317)**	**$(445,975)**
Balance, December 31, 2015	$3,814,342	$(4,281,166)	$(466,824)
Net loss and comprehensive loss	-	(65,046)	(65,046)
Balance, September 30, 2016	**$3,814,342**	**$ (4,346,212)**	**$(531,870)**

See accompanying notes to financial statements.

Danbel Ventures Inc.

Unaudited Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

These interim financial statements have not been reviewed by the Company's external auditors.

For the nine months ended	**September30, 2016**	**September 30, 2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (65,046)	$ (72,088)
Interest accrued	33,580	28,032
	(31,466)	**(44,056)**
Changes in non-cash working capital balances		
Increase (decrease) in accounts payable and accrued liabilities	17,823	(47,767)
Cash used in operating activities	**(13,643)**	**(91,823)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder	13,598	92,215
Cash generated from financing activities	**13,598**	**92,215**
NET CHANGE IN CASH	**(45)**	**392**
Cash, beginning of the period	**519**	**1,103**
Cash, end of the period	**$ 474**	**$1,495**

See accompanying to financial statements.

1. Nature of Business and Going Concern Uncertainty

Danbel Ventures Inc. (the "Company") is incorporated under the laws of the province of Alberta and filed articles of continuance in Ontario. The Company's activities include the identification and evaluation of assets or businesses with a view to completing a potential acquisition.

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. There are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Note 3 and 4) and its ability to raise additional funds through the issuance of shares. There can be no assurance that either of these audit events will occur.

These interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments may be material.

The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

The board of directors of the Company approved these unaudited interim consolidated financial statements on November 17, 2016.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with ("IFRS") and are in compliance with IAS 34, Interim Financial Reporting.

These consolidated interim financial statements do not include all disclosures normally provided in annual financial statements for the year ended December 31, 2016. In management's opinion, the unaudited interim financial information includes all the adjustments necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the year. The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2015.

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

Recent accounting pronouncements:

International Financial Reporting Standard 9, Financial Instruments ["IFRS 9"]

IFRS 9 as issued in 2014, introduces new requirements for the clarification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet begun the process evaluating the impact of this standard on its consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers ["IFRS 15"]

IFRS 15 which was issued in May 2014, will replace all current revenue recognition requirements under IFRS. IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that effects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 is required for annual periods beginning on or after January 1, 2018, using either a full or modified retrospective application. Earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

International Financial Reporting Standard 16, Leases ["IFRS 16"]

IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its consolidated financial statements

3. Loan Payable

The Loan Payable is payable to a corporation controlled by the controlling shareholder of the Company, bears interest at 12% per annum with interest payable on a monthly basis. The loan is collateralized through a general security agreement and is due on demand. Included in accounts payable and accrued liabilities is interest owing on this loan of $59,240 (December 31, 2015 - $36,740).

4. Shareholder Loans

A Shareholder Loan Payable, in the amount of $176,066 (December 31, 2015 - $151,388), bears interest at 10% per annum with interest payable on a monthly basis. The loan is secured by a general security agreement and is due on demand. Included in this Shareholder Loan amount is accumulated interest owing of $19,582 (December 31, 2015 - $8,502). The creditor corporation is controlled by the controlling shareholder of the Company.

The second Shareholder Loan payable, in the amount of $799 (December 31, 2015 - $799), is non-interest bearing, unsecured and is due on demand.

(Expressed in Canadian Dollars)

5. Capital Stock

Authorized-

Unlimited common shares
Unlimited preferred shares, rights to be determined upon issuance

Issued and outstanding-

	September 30, 2016	December 31, 2015
5,667,716 (2015 – 5,667,716) common shares	$3,814,342	$3,814,342

6. Capital Risk Management

The Company includes shareholders' deficiency, consisting of capital stock and deficit, in the definition of capital.

The Company's primary objective with respect to capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2016.

7. Financial Instruments and Risk Factors

The carrying values of the Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term maturities of these instruments. It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The fair values of the Loan Payable and Shareholder Loans approximate their fair carrying values.

The Company has liabilities of $532,344 (December 31, 2015 - $467,343) due within 12 months, including the Loan Payable and Shareholder Loans due on demand, and has cash of $474 (2015- $519). As a result, the Company has liquidity risk and may not have sufficient funds to meet its ongoing obligations (note 1).

8. Related Party Transactions

Related parties include the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. The shareholder described in notes 3 and 4 to the interim consolidated financial statements for the period ended September 30, 2016 is a related party as this individual is the controlling shareholder of the Company.

Related party transactions conducted in the normal course of operations are measured at the exchange value [the amount established and agreed to by the related parties].

Included in accounts payable and accrued liabilities is:

[i] fees and reimbursable expenses of $15,750 (December 31, 2015 - $15,000) and consulting fees including HST of $16,950 (December 31,2015 - nil) accrued to a company controlled by the controlling shareholder of the Company. During the period, the Company was charged consulting fees of $15,000 plus HST and reimbursable expenses by a company controlled by the controlling shareholder of the Company. This shareholder also controls the entity holding the debt (note 3 and 4) and has advanced funds personally; and

[ii] interest payable of $59,240 (December 31, 2015 - $36,740) accrued to a corporation controlled by the controlling shareholder of the Company. This shareholder also controls the entity holding the debt (notes 3 and 4) and has advanced funds personally.

Consolidated Financial Statements
[Expressed in Canadian dollars]

Danbel Ventures Inc.
December 31, 2015 and 2014

Building a better
working world

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Danbel Ventures Inc.

We have audited the accompanying consolidated financial statements of **Danbel Ventures Inc.**, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

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 audits 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 auditors consider 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Danbel Ventures Inc.** as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements, which indicates that **Danbel Ventures Inc.** incurred a net loss of $92,937 during the year ended December 31, 2015 and, as of that date, the Company's current liabilities exceeded its current assets by $466,824 and had an accumulated deficit of $4,281,166. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. We have not modified our opinion with respect to this matter.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 19, 2016

Danbel Ventures Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[See note 1 – Nature of business and going concern uncertainty]
[Expressed in Canadian dollars]

As at December 31

	2015	**2014**
	$	$
ASSETS		
Current		
Cash	**519**	1,103
	519	1,103
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities *[notes 3, 4, and 9]*	**65,156**	104,191
Loan payable *[note 4]*	**250,000**	250,000
Shareholder loans *[note 5]*	**152,187**	20,799
Total liabilities	**467,343**	374,990
Shareholders' deficiency		
Capital stock *[note 6]*	**3,814,342**	3,814,342
Deficit	**(4,281,166)**	(4,188,229)
Total shareholders' deficiency	**(466,824)**	(373,887)
	519	1,103

See accompanying notes

On behalf of the Board:

/s/ Michael Stein
Director

/s/ Gabriel Nachman
Director

Danbel Ventures Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

[Expressed in Canadian dollars]

	Capital stock	Deficit	Total shareholders' deficiency
	$	$	$
Balance, January 1, 2014	3,564,342	(12,476,885)	(8,912,543)
Net loss and comprehensive loss for the year	—	(905,762)	(905,762)
Settlement of loan payable *[note 4]*	—	9,194,418	9,194,418
Issuance of shares *[notes 5 and 6]*	250,000	—	250,000
Balance, December 31, 2014	3,814,342	(4,188,229)	(373,887)
Net loss and comprehensive loss for the year	—	**(92,937)**	**(92,937)**
Balance, December 31, 2015	**3,814,342**	**(4,281,166)**	**(466,824)**

See accompanying notes

Danbel Ventures Inc.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

[Expressed in Canadian dollars]

Years ended December 31

	2015	2014
	$	$
EXPENSES		
General and administrative *[note 9]*	**54,435**	80,477
Interest *[notes 4 and 5]*	**38,502**	825,285
	92,937	905,762
Net loss and comprehensive loss for the year	**(92,937)**	**(905,762)**
Loss per share *[note 7]*		
Basic and diluted	(0.02)	(0.50)
Weighted average number of common shares outstanding *[note 7]*		
Basic and diluted	**5,667,716**	1,818,401

See accompanying notes

Danbel Ventures Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Expressed in Canadian dollars]

Years ended December 31

	2015	2014
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	**(92,937)**	(905,762)
Add item not affecting cash		
Interest accrued	**38,502**	825,285
	(54,435)	(80,477)
Changes in non-cash working capital balances related to operations		
Accounts payable and accrued liabilities	**(69,035)**	43,240
Cash used in operating activities	**(123,470)**	(37,237)
FINANCING ACTIVITIES		
Advances from shareholder *[note 5]*	**122,886**	38,330
Cash provided by financing activities	**122,886**	38,330
Net increase (decrease) in cash during the year	**(584)**	1,093
Cash, beginning of year	**1,103**	10
Cash, end of year	**519**	1,103

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN UNCERTAINTY

Danbel Ventures Inc. [the "Company"] is incorporated under the laws of the Province of Alberta and filed articles of continuance in Ontario. The Company carries on the business of the identification and evaluation of assets or businesses with a view to completing a potential acquisition.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ["IFRS"] on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to events that cast significant doubt on the Company's ability to continue as a going concern.

During the year ended December 31, 2015, the Company incurred a loss of $92,937 [2014 – loss of $905,762] and, as of that date, the Company had an accumulated deficit of $4,281,166 [2014 – deficit of $4,188,229], a working capital deficiency of $466,824 [2014 – $373,887] and negative cash flows from operations of $123,470 [2014 – $37,237]. These factors create material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties *[notes 4 and 5]* and its ability to raise additional funds through the issuance of shares or debt. There can be no assurances that either of these events will occur.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments would be material.

The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS.

The consolidated financial statements of the Company were approved for issue by the Board of Directors on April 19, 2016.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ["FVTPL"], which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, JSL Lighting Corp. and JSL Lighting Inc. These two subsidiaries are inactive.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Financial instruments

Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in net loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in net loss. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash, while the Company's financial liabilities include accounts payable and other liabilities. Classification of these financial instruments is as follows:

Financial instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Loan payable	Other financial liabilities
Shareholder loans	Other financial liabilities

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities.

- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e., as prices] or indirectly [i.e., derived from prices].

- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The Company's financial instruments measured at fair value on the consolidated statements of financial position consist of cash. Cash is measured at Level 1 of the fair value hierarchy.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares. If the number of common shares outstanding increases or decreases as a result of a share split or consolidation, the calculation of basic and diluted loss per share for all periods presented is adjusted retrospectively.

Income taxes

Income tax on the net loss for the years presented comprises current and deferred tax. Income tax is recognized in net loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at year end, adjusted for amendments to income taxes payable with regard to previous years.

Deferred tax is provided using the balance sheet 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. The following temporary differences are not provided for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the consolidated statement of financial position dates.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it does not record that excess asset.

Use of judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the review affects both current and future years. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these consolidated financial statements.

Recent accounting pronouncements

International Financial Reporting Standard 9, Financial Instruments [“IFRS 9”]
IFRS 9 as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity’s own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1,

[Expressed in Canadian dollars]

2018. Earlier application is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers [“IFRS 15”]
IFRS 15 which was issued in May 2014, will replace all current revenue recognition requirements under IFRS. IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 is required for annual periods beginning on or after January 1, 2018, using either a full or modified retrospective application. Earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company’s consolidated financial statements.

International Financial Reporting Standard 16, Leases
IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its consolidated financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	**2014**
	$	$
Trade payables	**20,917**	60,416
HST receivable	**(6,301)**	(9,839)
Accrued liabilities		
Interest *[note 4]*	**36,740**	6,740
Ministry of Labour	—	9,279
Professional fees	**13,800**	37,595
	65,156	104,191

4. LOAN PAYABLE

On October 7, 2014, the Company entered into a Debt Settlement Agreement and Release with a corporation controlled by an individual who is a shareholder of the Company for the settlement of a portion of the aggregate indebtedness of the loan payable and related accrued interest of $9,444,418 as at that date. In exchange for nominal cash consideration paid to the creditor, the Company settled $9,194,418 of the loan payable resulting in a remaining loan payable balance of $250,000. The loan bears interest at 12% per annum with interest payable on a monthly basis. The loan is collateralized through a general security agreement and is due on demand. The settlement of the loan payable was recorded as a reduction to the deficit by $9,194,418.

Included in accounts payable and accrued liabilities is interest owing on this loan of $36,740 [2014 – $6,740].

5. SHAREHOLDER LOANS

The Company has two shareholder loans payable.

On October 8, 2014, the Company entered into a Debt Settlement Agreement and Release with a corporation controlled by an individual who is a shareholder of the Company for the settlement of the aggregate indebtedness of the shareholder loan payable and related accrued interest of $250,000 in exchange for the issuance of 5,000,000 common shares to the shareholder. Upon issuance of the common shares, the shareholder became the controlling shareholder of the Company. The settlement of the shareholder loan payable resulted in an increase to capital stock of $250,000 *[note 6]*.

A shareholder loan in the amount of $151,388 [2014 – $20,000] was advanced by the controlling shareholder which bears interest at 10% per annum, with interest payable on a monthly basis. The loan is collateralized through a general security agreement and is due on demand. Included in this shareholder loan amount is interest owing of $8,502 [2014 – nil].

The second shareholder loan, in the amount of $799 [2014 – $799], is non-interest bearing, unsecured and due on demand.

[Expressed in Canadian dollars]

6. CAPITAL STOCK

[a] Authorized

Unlimited common shares
Unlimited preference shares, rights to be determined on issuance

[b] Issued and outstanding

	2015	2014
	$	$
5,667,716 [2014 – 5,667,716] common shares	**3,814,342**	3,814,342

On October 8, 2014, 5,000,000 common shares were issued in settlement of the shareholder loan *[note 5]*.

7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2015 and 2014 was based on the net loss attributable to common shareholders of $92,937 [2014 – $905,762] and the weighted average number of common shares outstanding of 5,667,716 [2014 – 1,818,401].

8. INCOME TAXES

Provision for income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% [2014 – 26.50%] to the net loss and comprehensive loss for the year. The reason for the difference is as follows:

	2015	2014
	$	$
Net loss and comprehensive loss for the year	**92,937**	905,762
Statutory rate	**26.50%**	26.50%
Expected income tax recovery	**24,628**	240,027
Permanent difference	**(24,628)**	(240,027)
Income tax expense	**—**	—

The Company received Notices of Reassessment from the Canada Revenue Agency ["CRA"] and the Ministry of Revenue (Ontario), which mirror the CRA Notices of Reassessment relating to the Company's taxation years from 2004 up to and including 2009. As a result of the Notices of Reassessment from the CRA, for the years under assessment, an aggregate of $715,988 was payable to the CRA and $363,548 was payable to the Ministry of Revenue (Ontario), which amounts included penalties and interest to the date of issuance of the Notices of Reassessment. The Company disputed the reassessments and filed Notices of Objection with the CRA within the required timeframe. In 2014, the Company received a Notice of Reassessment from each of the CRA and the Ministry of Revenue (Ontario) in response to the Notices of Objection filed adjusting taxable income and income taxes payable to nil for all of the disputed years and reversing related penalties and interest accrued on these amounts.

9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and entities that are controlled by these individuals, as well as certain persons performing similar functions. Subsequent to October 7, 2014, the shareholder described in notes 4 and 5 is the controlling shareholder of the Company.

Related party transactions conducted in the normal course of operations are measured at the exchange value [the amount established and agreed to by the related parties].

Included in accounts payable and accrued liabilities is:

[i] fees of $15,000 [2014 – $31,075] accrued to a company controlled by the controlling shareholder of the Company. This shareholder also controls the entity holding the debt *[note 4]* and has advanced funds personally *[note 5]*; and

[ii] interest payable of $36,740 [2014 – $6,740] accrued to a corporation controlled by the controlling shareholder of the Company. This shareholder also controls the entity holding the debt *[note 4]* and has advanced funds personally *[note 5]*.

10. STOCK OPTION PLAN

In 1998, the Company established a stock option plan [the "Plan"], as amended in 1999, to encourage common share ownership in the Company by directors, officers, employees and consultants of the Company and its subsidiaries or affiliates. The maximum number of common shares that may be set aside for issue under the Plan is 2,000,000, provided that the Board of Directors has the right, from time to time, to increase such number subject to the approval of the shareholders of the Company. The maximum number of common shares that may be reserved for issuance to any one person under the Plan is 5% of the common shares outstanding at the time of

the grant [calculated on a non-diluted basis] less the number of shares reserved for issuance to such person under any option to purchase common shares as a compensation or incentive mechanism. Any shares subject to an option which for any reason are cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan. The option price for any common shares cannot be less than the price permitted by any stock exchange on which the common shares are then listed or other regulating body having jurisdiction.
Options granted are subject to cancellation upon the termination of an optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company or any of its subsidiaries. The options are non-transferable. The Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change in the common shares, a merger or other relevant changes in the Company's capitalization. The Board of Directors may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time.

On November 14, 2014, 450,000 options to purchase common shares were granted under the Plan to directors of the Company. These options were granted with an exercise price of $0.05 per share, are fully vested upon grant and expire on November 14, 2016. The fair value of these options was determined to be nominal. Shareholder approval was not required for the granting of options to purchase an aggregate of 450,000 common shares thereunder; however, in the event that the Board of Directors determines to increase the number of common shares subject to the Plan, such increase will be subject to the approval of the Company's shareholders.

As at December 31, 2015, 450,000 options [2014 – 450,000] were outstanding and fully vested.

11. CAPITAL RISK MANAGEMENT

The Company includes shareholders' deficiency, consisting of capital stock and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners *[note 1]*.

There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2015.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

The carrying values of the Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term maturities of these instruments. It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The fair values of the loan payable and shareholder loans approximate their carrying values.

The Company has liabilities of $467,343 [2014 – $374,990] due within 12 months, including the loan and shareholder loans due on demand, and has cash of $519 [2014 – $1,103]. As a result, the Company has liquidity risk and may not have sufficient funds to meet its ongoing obligations *[note 1]*.

APPENDIX B

FINANCIAL STATEMENTS OF MARICANN

Condensed interim financial statements
[Unaudited, expressed in Canadian dollars]

Maricann Inc.

For the three and nine month periods ended
September 30, 2016 and 2015

Maricann Inc.

Statements of financial position

[Unaudited]
[Expressed in Canadian dollars]

As at

	September 30, 2016	December 31, 2015
	$	$
Assets		
Current		
Cash and cash equivalents	**1,000**	1,000
Inventory *[note 4]*	**1,026,131**	760,248
Biological assets *[note 5]*	**318,987**	168,399
Other assets	**61,878**	138,780
Total current assets	**1,407,996**	1,068,427
Property, plant and equipment [*note 6]*	**6,438,295**	4,278,740
	7,846,291	5,347,167
Liabilities and shareholders' equity		
Current liabilities		
Line of credit *[note 8]*	**1,854,167**	—
Trade and other payables	**2,025,863**	1,896,575
Shareholder loans *[note 7]*	**2,500,000**	3,200,000
Borrowings *[note 8]*	**3,612,422**	—
Finance leases *[note 9]*	**154,454**	99,072
Total current liabilities	**10,146,906**	5,195,647
Finance leases *[note 9]*	**14,664**	87,329
Total liabilities	**10,161,570**	5,282,976
Shareholders' equity		
Share capital *[note 10]*	**5,856,955**	5,856,955
Contributed surplus *[note 10]*	**638,944**	240,462
Deficit	**(8,811,178)**	(6,033,226)
Total shareholders' equity	**(2,315,279)**	64,191
	7,846,291	5,347,167

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

On behalf of the Board:

Director Director

Maricann Inc.

Statements of net loss 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**
Revenue	**892,081**	572,928	**2,756,100**	1,012,042
Cost of sales	**1,109,285**	710,928	**3,262,733**	1,759,538
Unrealized gain from changes in fair value of biological assets *[note 5]*	**(694,694)**	(416,913)	**(1,762,112)**	(1,079,072)
Gross profit	**477,490**	278,913	**1,255,479**	331,576
Expenses				
General and administrative	**713,636**	665,233	**2,035,133**	1,839,327
Sales and marketing	**356,349**	228,394	**998,633**	521,215
Share-based compensation	**237,078**	12,122	**261,058**	21,477
Depreciation	**185,898**	112,261	**504,953**	309,346
Loss before interest expense	**(1,015,471)**	(739,097)	**(2,544,298)**	(2,359,789)
Interest expense, net	**104,066**	14,484	**233,654**	25,280
Net loss and comprehensive loss	**(1,119,537)**	(753,581)	**(2,777,952)**	(2,385,069)
Net loss per share, basic and diluted *[note 11]*	**(0.03)**	(0.02)	**(0.08)**	(0.07)
Weighted average number of outstanding shares				
Basic and diluted	**36,612,000**	36,612,000	**36,612,000**	36,612,000

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

Maricann Inc.

Statements of changes in shareholders' equity (deficiency)

[Unaudited]

[Expressed in Canadian dollars]

Nine months ended September 30

	Common shares	Share Capital	Contributed surplus	Deficit	Total Shareholders' equity (deficiency)
	#	$	$	$	$
As at December 31, 2015	**36,612,000**	**5,856,955**	**240,462**	**(6,033,226)**	**64,191**
Net loss and comprehensive loss for the period	**—**	**—**	**—**	**(2,777,952)**	**(2,777,952)**
Share-based compensation	**—**	**—**	**398,482**	**—**	**398,482**
As at September 30, 2016	**36,612,000**	**5,856,955**	**638,944**	**(8,811,178)**	**(2,315,279)**
As at December 31, 2014	36,612,000	5,856,955	—	(2,436,641)	3,420,314
Net loss and comprehensive loss for the period	—	—	—	(2,385,069)	(2,385,069)
Share-based compensation	—	—	182,118	—	182,118
As at September 30, 2015	36,612,000	5,856,955	182,118	(4,821,710)	1,217,363

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

Maricann Inc.

Statements of cash flows

[Unaudited]
[Expressed in Canadian dollars]

Nine months ended September 30

	2016	2015
	$	$
Operating activities		
Net loss for the period	**(2,777,952)**	(2,385,069)
Add (deduct) items not involving cash		
Non-cash interest	**86,367**	28,042
Unrealized gain from changes in fair value of biological assets	**(1,762,112)**	(1,079,072)
Share based compensation expense	**261,058**	21,477
Cash-settled options expense	**77,815**	80,692
Share based compensation expense to non employees	**137,424**	160,641
Depreciation	**504,953**	309,346
	(3,472,447)	(2,863,943)
Changes in non-cash working capital balances related to operations		
Inventory	**(265,883)**	(561,804)
Biological asset	**1,611,524**	1,025,750
Other assets	**76,902**	122,328
Trade and other payables	**(901,860)**	318,704
Cash used in operating activities	**(2,951,764)**	(1,958,965)
Investing activities		
Purchase of property, plant and equipment	**(1,677,846)**	(1,010,608)
Cash used in investing activities	**(1,677,846)**	(1,010,608)
Financing activities		
Issuance of common shares *[note 10]*	**—**	3,163,955
Cash proceeds from shareholder loans *[note 7]*	**500,000**	600,000
Repayment of shareholder loans *[note 7]*	**(1,200,000)**	(750,000)
Cash proceeds from line of credit *[note 8]*	**1,854,167**	—
Repayment of obligations under finance leases	**(107,215)**	—
Cash proceeds from borrowings *[note 8]*	**3,625,155**	—
Cash payments on borrowings *[note 8]*	**(42,497)**	—
Cash provided by financing activities	**4,629,610**	3,013,955
Net increase in cash during the period	—	44,382
Cash and cash equivalents, beginning of period	**1,000**	42,908
Cash and cash equivalents, end of period	**1,000**	87,290

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

1. Nature of operations

Maricann Inc. ["Maricann" or the "Company"] was incorporated under the laws of the Province of Ontario, Canada on April 25, 2013 and is a licensed marijuana producer under the Access to Cannabis for Medical Purposes Regulation [the "ACMPR"]. Maricann received its first license from Health Canada under the Marijuana for Medical Purposes Regulations on March 27, 2014. The Company received an updated license [the "License"] under the ACMPR on March 29, 2017 that expires on September 28, 2018. It is anticipated that Health Canada will continue to renew the License. The Company's registered office is 150 8th Concession Road, Langton, Ontario.

2. Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises, as set out in the CPA Canada Handbook – Accounting ["CPA Handbook"], which incorporates International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"], using International Accounting Standard 34, *Interim Financial Reporting* ["IAS 34"].

These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

Common Share Stock split

On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and earnings per share information *[refer to Notes 10 and 11]* have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

These financial statements are presented in Canadian dollars, which is the Company's functional currency, and were approved and authorized for issuance by the Board of Directors on April 6, 2017.

Use of judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- The use of the going concern basis of preparation of the financial statements. At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In arriving at this determination, the Company considered various factors including the following:

[Unaudited, expressed in Canadian dollars unless otherwise noted]

- o Additional financing raised subsequent to the quarter end totaling $35,648,704 as further described in note 12 relative to the amount of anticipated cash flow requirements for the next 12 months. A summary of the financings are as follows:

Date	**$**	**Nature of financing** *[note 18]*
November 18, 2016	3,148,704	Common shares
December 15, 2016	22,500,000	22,500 units with each unit comprising of a $1,000 convertible debenture and 500 common share purchase warrants
March 3, 2017	10,000,000	Common shares
	35,648,704	

- o The likelihood of the Company completing a going public transaction and the Company's shares being listed on a stock exchange will result in the automatic conversion of the above noted convertible debentures into common shares. The convertible debentures have a maturity of June 15, 2017. Should the Company not complete a going public transaction and list on a stock exchange by this date, the holders of the convertible debentures will have the right to either convert into common shares and the Company will be obligated to issue 10% additional shares and warrants for no additional consideration or demand repayment with 10% per annum interest. The Company has initiated the process of completing a going public transaction and listing the Company's shares on an exchange and anticipates this will be completed prior to the maturity date of the convertible debentures. As part of the agreement signed with Danbel Ventures Inc. ["Danbel"] *[note 12]*, the Company and Danbel are required to have shareholder approval by each respective company, approving the transaction no later than April 30, 2017.

After considering its plans to mitigate the going concern risk, management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's conclusion that there is no material uncertainty surrounding its ability to continue as a going concern is predicated on its significant judgment that given the high likelihood of completion of the transaction with Danbel, it is unlikely that the convertible debentures will be required to be repaid in 2017. The estimates and judgment made by management in reaching this conclusion are based on information available as at the date these financial statements were authorized for issuance. Accordingly, actual circumstances may differ from those estimates and the variation may be material.

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3. Accounting Standards Update

New standards, interpretations and amendments

The following new accounting standards applied or adopted during the three and nine months ended September 30, 2016 had no material impact on the financial statements:

Amendments to IAS 1 – Financial Statement Presentation ["IAS 1"]

The IASB has published "Disclosure Initiative" [Amendments to IAS 1]. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. Adoption of these amendments did not have any impact on the Company's financial statements.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization ["IAS 16" and "IAS 38"]

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business [of which the asset is part] rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. Adoption of these amendments did not have any impact on the Company's financial statements.

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 9 – Financial Instruments ["IFRS 9"]

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. The Company is in the process of evaluating the impact of IFRS 9 on the Company's financial statements.

IFRS 15 – Revenue from Contracts with Customers ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company is evaluating the effect that IFRS 15 will have on its financial statements, and related disclosures, as well as the transition method to apply the new standard.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

IFRS 16 – Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

IAS 7 – Statement of cash flows ["IAS 7"]

IAS 7 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is in the process of evaluating the amendments to IAS 7 on the Company's financial statements.

IAS 12 – Income Taxes ["IAS 12"]

IAS 12 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect the adoption of this standard to have a significant impact on the Company's disclosures as it does not have any debt instruments that is measured at fair value.

IFRS 2 – Share based payments ["IFRS 2"]

IFRS 2 has been amended to address [i] certain issues related to the accounting for cash settled awards, and [ii] the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the amendments to IFRS 2 on the Company's financial statements.

4. Inventory

	September 30, 2016	**December 31, 2015**
	$	$
Finished goods – dry cannabis	**173,365**	103,189
Finished goods – cannabis oils	**33,886**	—
Work-in progress – dry cannabis	**695,009**	657,059
Work-in progress – cannabis oils	**123,871**	—
	1,026,131	760,248

[Unaudited, expressed in Canadian dollars unless otherwise noted]

The cost of inventory recognized as an expense during the three and nine month periods ended September 30, 2016 was $1,109,285 and $3,262,733, respectively [three and nine month periods ended September 30, 2015 – $710,928 and $1,759,538 respectively].

The Company did not have any inventory write-downs during the three and nine month periods ended September 30, 2016 and 2015.

5. Biological assets

The changes in the carrying value of biological assets, which consist of cannabis on plants, are as follows:

	$
Carrying amount, December 31, 2015	**168,399**
Net increase in fair value less costs to sell due to biological transformation	**1,762,112**
Transferred to inventory upon harvest	**(1,611,524)**
Carrying amount, September 30, 2016	**318,987**
Carrying amount, December 31, 2014	128,075
Net increase in fair value less costs to sell due to biological transformation	1,428,319
Transferred to inventory upon harvest	(1,387,995)
Carrying amount, December 31, 2015	168,399

All biological assets are current assets. The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The significant assumptions used in determining the fair value of cannabis on plants includes:

- Expected yields for cannabis on plants to be harvested, including wastage and the risk over the period;
- The costs incurred and costs at different stages in the growing, drying and selling cycle of the plants were estimated by calculating an average of total growing, drying and selling costs over the total production period; and
- The number of weeks incurred as a percentage of total growing weeks was applied to the total fair value per gram, which is determined based on market prices of medical cannabis.

These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The Company estimates the harvest yields for medical cannabis at various stages of growth. As of September 30, 2016, it is expected that the Company's biological assets will yield approximately 119,605 grams [December 31, 2015 – 140,901 grams] of medical cannabis when harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in gain or loss in future periods.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

6. Property, plant and equipment

	Furniture and fixtures	Computer equipment and software	Agriculture equipment	Leasehold improvements	Land and buildings	Total
	$	$	$	$	$	$
Cost						
As at December 31, 2014	39,696	134,23	261,329	2,528,942		2,964,205
Additions	6,713	70,913	294,699	1,575,817	—	1,948,142
Disposals	—	—	—	(1,700)	—	(1,700)
As at December 31, 2015	**46,409**	**205,151**	**556,028**	**4,103,059**	**—**	**4,910,647**
Additions	**4,368**	**130,493**	**203,848**	**983,897**	**1,341,900**	**2,664,506**
As at September 30, 2016	**50,777**	**335,644**	**759,876**	**5,086,956**	**1,341,900**	**7,575,153**

	Furniture and fixtures	Computer equipment and software	Agriculture equipment	Leasehold improvements	Land and buildings	Total
	$	$	$	$	$	$
Accumulated depreciation						
As at December 31, 2014	3,857	17,972	14,139	153,146	—	189,114
Depreciation	8,422	51,872	35,337	347,374	—	443,005
Disposals	—	—	—	(212)	—	(212)
As at December 31, 2015	**12,279**	**69,844**	**49,476**	**500,308**	**—**	**631,907**
Depreciation	**6,702**	**70,466**	**52,717**	**372,584**	**2,482**	**504,951**
As at September 30, 2016	**18,981**	**140,310**	**102,193**	**872,892**	**2,482**	**1,136,858**

	Furniture and fixtures	Computer equipment and software	Agriculture equipment	Leasehold improvements	Land and buildings	Total
	$	$	$	$	$	$
Net book value						
As at December 31, 2015	34,130	135,307	506,552	3,602,751	**—**	4,278,740
As at September 30, 2016	**31,796**	**195,334**	**657,683**	**4,214,064**	**1,339,418**	**6,438,295**

Borrowing costs of $43,300 and $13,817 were capitalized as land and buildings and leasehold improvements respectively during the nine month period ended September 30, 2016 [2015 – nil]. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 5.2%.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

7. Shareholder loans

During the years ended December 31, 2013 and 2014, the Company received loans from its shareholders to expand its operating facility. The first loan was received during the year ended December 31, 2013 for $813,195 and the second loan was received during the year ended December 31, 2014 for $1,936,805 [collectively the "Shareholder Loans"]. The Shareholder Loans are subject to an interest rate of 1% per annum [commencing as of March 1, 2014] until such amounts are repaid, however for the loan received in October 2014 for $750,000, the shareholders waived the rights to any interest. Interest on the Shareholder Loans shall be paid annually in arrears or at such other times as the Board of Directors may determine. The Shareholder Loans are due on demand. As at December 31, 2015, accrued interest is approximately $65,292 [2014 – $15,000].

In January 2015, the Company repaid the October 2014 Shareholder Loan of $750,000. A further $1,200,000 in Shareholder Loans was then received by the Company during 2015. Of the $1,200,000 of loans received, $600,000 is subject to an interest rate of 6.5% and the remainder at 6% paid annually in arrears or at such other times as the Board of Directors may determine. The $1,200,000 was received in four monthly tranches of $300,000 in June, July, October and November of 2015, respectively. The balance of $3,265,292 as at December 31, 2015 is payable on demand [2014 – $2,765,000].

During the nine months ended September 30, 2016, the Company repaid the $1,200,000 received in full and received a further $500,000 in Shareholder Loans on the same terms and conditions as the original Shareholder Loans with a waiver of Shareholder rights to any interest. The remaining balance of Shareholder Loans of $2,500,000 at September 30, 2016 is payable on demand [December 31, 2015 – $3,200,000].

8. Borrowings

Borrowings consist of the following:

	September 30, 2016
	$
Commercial term loan [i]	**1,939,605**
Line of credit [ii]	**1,854,167**
Mortgage facility [iii]	**752,817**
Promissory notes [iv]	**920,000**
	5,466,589

[i] Commercial term loan

In January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017. On February 3, 2017, the commercial term loan was extended at a fixed interest rate of 6% for a period of 5 years maturing on January 15, 2022.

[ii] Line of credit

In January 2016, the Company secured a $2,000,000 commercial line of credit with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5%, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty. As at September 30, 2016, the Company had drawn down $1,854,167 [December 31, 2015 – nil] on the line of credit. On February 3, 2017, the commercial line of credit was extended on terms consistent with the original agreement except that repayment can be demanded at the lender's discretion.

[iii] Mortgage facility

In February 2016, the Company entered into a $765,375 fixed rate mortgage facility [the "Mortgage"] with a Canadian based lender to assist with the purchase of 138 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company's registered office over which the mortgage facility is secured. Interest on the mortgage facility is accrued monthly at a one-year, fixed rate of 5.5%. The mortgage facility has a term of one year. On February 3, 2017, the mortgage was extend on terms consistent with the original agreement for a period of one year.

On initial recognition, the Mortgage was designated as an "other financial liability" and recorded at fair value less transaction costs. The Mortgage was subsequently measured at amortized cost using the effective interest method. As at September 30, 2016, the carrying amount of the mortgage facility is $752,817 [December 31, 2015 – nil] and has been included as a current liability.

The above noted commercial term loan, line of credit and mortgage facility are required to maintain certain financial and other covenants. As at September 30, 2016, the Company was not in compliance with the covenant requirements. However, subsequent to the quarter end, as noted above, the commercial term loan, line of credit and mortgage facility were each revised and extended. Under the revised agreements, the financial covenants were removed.

[iv] Promissory Notes

During March and August, 2016, the Company entered into three separate promissory notes for the principal amounts of $420,000, $100,000, and $400,000 respectively [collectively the "Promissory Notes"]. The Promissory Notes mature on November 2, 2016 with interest being accrued at a fixed rate of 10.0%. The Promissory Notes include a mandatory prepayment clause requiring prepayment of the outstanding principal amount and all accrued and unpaid interest upon completion of any share subscription transaction pursuant to which the Company raises not less than $3 million in equity and the Lenders per the Commercial Line of Credit and the Mortgage [collectively the "Lenders"] have released the Holders of the Promissory Notes of their subordination and postponement obligations in favor of the Lenders or has otherwise consented to such mandatory prepayment. The Company also has a prepayment option providing it with the option to repay the principal amount outstanding on the Promissory Notes without notice, bonus or penalty provided that each repayment of principal is accompanied by payment of all interest accrued and unpaid.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

On initial recognition, the Promissory Notes were designated as an “other financial liability” and recorded at fair value less transaction costs. The Promissory Notes were subsequently measured at amortized cost using the effective interest method. As at September 30, 2016, the carrying amount of the Promissory Notes is $920,000 [December 31, 2015 – nil].

9. Finance leases

In February 2016, the Company entered into an additional finance lease to lease agricultural equipment. The equipment related to the lease is recorded as finance leases in property, plant and equipment. The Company’s finance lease is for 24 month terms and bears interest of 7.5%.

The Company also has a lease to lease bio-botanical extraction equipment that was entered into in October 2015. The equipment related to the lease is recorded as finance leases in property, plant and equipment. The Company’s finance lease is for 23 month terms and bears interest of 7.5%.

The following is a schedule of future minimum lease payments together with the balance of obligations as at September 30, 2016:

	September 30, 2016 $	December 31, 2015 $
Minimum lease payments		
No later than 1 year	**160,612**	108,420
Later than 1 year, but no later than 5 years	**14,800**	89,321
	175,412	197,741
Less: future finance charges	**(6,294)**	(11,340)
Present value of minimum lease payments	**169,118**	186,401
Current liabilities	**154,454**	99,072
Non-current liabilities	**14,664**	87,329
	169,118	186,401

[Unaudited, expressed in Canadian dollars unless otherwise noted]

10. Share capital

Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Common share stock split

On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and loss per share information *[refer to notes 11]* have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

Reconciliation of the Company's share capital is as follows:

	Common shares	
	#	$
As at December 31, 2015	36,612,000	5,856,955
As at September 30, 2016	**36,612,000**	**5,856,955**

Share option plan

The Company has established a stock option plan [the "Option Plan"] to motivate directors, officers, employees and consultants of the Company to contribute to the development and growth of the Company and to reward such individuals as the Company grows, develops and achieves financial success. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board shall have increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired, or cancelled shall again be available under the Option Plan.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

[i] Share-based payment arrangements

As at September 30, 2016, the Company had the following share-based payment arrangements:

[a] Equity-settled arrangements

Grant date/individual entitled	Number of instruments	Vesting conditions	Contractual life of option
Options granted to employees			
On April 20, 2015	244,080	3 years of service from grant date	6 years
Options granted to non-employees			
On April 1, 2015	305,100	1 year of service from grant date	3 years
On April 8, 2015	208,078	Vests immediately	2 years
On April 1, 2016	305,100	1 year of service from grant date	3 years
Total share options	1,062,358		

[b] Cash settled arrangements

Grant date/individual entitled	Number of instruments	Vesting conditions	Contractual life of option
Options granted to non-employees			
On April 1, 2014	305,100	1 year of service from grant date	4 years
On April 1, 2015	305,100	1 year of service from grant date	4 years
On April 1, 2016	305,100	1 year of service from grant date	4 years
Total cash settled options	915,300		

[Unaudited, expressed in Canadian dollars unless otherwise noted]

[ii] Measurement of fair values

The fair value of share options granted during the three and nine month periods ended September 30, 2016 and for the year ended December 31, 2015 was estimated at the date of grant using the Black Scholes option pricing model using the following inputs:

	Equity-settled arrangements	
	September 30, 2016	**December 31, 2015**
Employee options		
Grant date fair value [weighted average]	**N/A**	$0.59
Exercise price [weighted average]	**N/A**	$0.15
Expected dividend yield	**N/A**	0%
Risk-free interest rate	**N/A**	0.80%
Expected option life [weighted average]	**N/A**	6 years
Expected volatility [weighted average]	**N/A**	96.41%

	Equity-settled arrangements		**Cash-settlement arrangements**	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
Non-employee options				
Grant date fair value [weighted average]	$0.60	$0.60	$0.44	$0.45
Exercise price [weighted average]	$0.07	$0.07	$0.62	$0.64
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.54%	0.48%	0.72%	1.31%
Expected option life [weighted average]	3 years	3 years	4 years	4 years
Expected volatility [weighted average]	96.41%	96.41%	96.41%	96.41%

Expected volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

[iii] Reconciliation of outstanding equity-settled share options

	Options issued #	Weighted average exercise price $
Outstanding as at December 31, 2014	**—**	**—**
Options issued	757,258	0.25
Outstanding as at December 31, 2015	757,258	0.25
Options issued	**610,200**	**0.07**
Outstanding as at September 30, 2016	**1,062,358**	**0.20**

Options outstanding			Options exercisable	
Exercise price range $	**Number outstanding** #	**Weighted average remaining contractual life [years]** #	**Weighted average exercise price** $	**Number exercisable** #
0.07	**610,200**	**2.00**	**0.07**	**305,100**
0.15	**244,080**	**4.56**	**—**	**—**
0.66	**208,078**	**0.52**	**0.66**	**208,078**
Balance, September 30, 2016	**1,062,358**	**2.28**	**0.31**	**513,178**

[Unaudited, expressed in Canadian dollars unless otherwise noted]

The following table is a summary of the Company's share options outstanding as at December 31, 2015:

Options outstanding			Options exercisable	
Exercise price range	Number outstanding	Weighted average remaining contractual life [years]	Weighted average exercise price	Number exercisable
$	#	#	$	#
0.07	**305,100**	**2.25**	**—**	**—**
0.15	**244,080**	**5.31**	**—**	**—**
0.66	**208,078**	**1.27**	**0.66**	**208,078**
Balance, December 31, 2015	**757,258**	**2.97**	**0.66**	**208,078**

Share based compensation award

In August 2016, the Company entered into an arrangement with a key management employee to issue 3,661,200 common shares of the Company upon meeting certain market and non-market conditions.

There are three tranches as follows:

- 30% and 45% of the award vests based on securing certain additional minimum investments in common shares at certain specified minimum pre-money valuations.
- 25% of the award vests upon final inspection and approval by the applicable municipal authorities on Phase 1 of the expansion plan.

The grant date fair value was $0.66 per share and reflects the high probability of meeting market conditions present in the first two tranches. As of September 30, 2016, no shares were issued under this arrangement as none of the conditions were satisfied.

Share based compensation expense

Employee options
The Company recognized $237,078 and $261,058 of share-based compensation expense to employees during the three and nine months ended September 30, 2016 [three and nine months ended September 30, 2015 – $12,122 and $21,477] with a corresponding amount recognized as a contributed surplus. See above per "Measurement of Fair Values" for significant assumptions used.

Non-Employee options
The Company recognized $46,356 and $137,424 of share-based compensation expense to non-employees during the three and nine months ended September 30, 2016 [three and nine months ended September 30, 2015 – $46,222 and $160,641] with a corresponding amount recognized as a contributed surplus. See above per "Measurement of Fair Values" for significant assumptions used.

[Unaudited, expressed in Canadian dollars unless otherwise noted]

Liabilities arising from cash-settled options

Details of the liabilities arising from the cash-settled options are as follows:

	September 30, 2016 $	December 31, 2015 $
Total carrying amount of liability	**301,099**	223,284
Total intrinsic value of liabilities for vested options	**10,400**	—

11. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future would have increased the loss per share [anti-dilutive] for the years presented as follows:

	September 30, 2016 #	December 31, 2015 #
Share options and share based compensation awards	**4,723,558**	757,258

12. Subsequent events

On November 18, 2016, the Company completed a raise of $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share.

On December 15, 2016, the Company entered into a binding letter agreement [the “Letter Agreement”] with Danbel Ventures Inc. [“Danbel”], for Danbel to acquire a 100% interest in the Company, which will constitute a reverse takeover of Danbel by the shareholders of the Company [the “Transaction”]. The Company intends to apply for a concurrent listing of the Resulting Issuer’s common shares on the Canadian Stock Exchange. As part of the agreement signed with Danbel, the Company and Danbel are required to have shareholder approval by each respective company, approving the transaction no later than April 30, 2017.

On December 15, 2016, the Company completed a $22,500,000 financing by issuing 22,500 units [the “Units”], with each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 [a “Debenture”] and 500 common share purchase warrants [the “Warrants”]. The Debentures have a maturity date of June 15, 2017.

Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and subsequently be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer's common shares for any 20 consecutive trading days equals or exceed $1.90.

As consideration for their services, the Transaction's Agent was issued 900,000 compensation options [the "Compensation Options"]. Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the listing date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date.

In December 2016, the Company has repaid all the outstanding shareholder loans and promissory notes.

On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,510,585 common shares of the Company at $2.85 per share.

In October 2016, the August 2016 share award described in note 10 was amended such that the number of shares subject to the award were increased to 4,960,926.

Financial statements

Maricann Inc.

December 31, 2015 and December 31, 2014
[Expressed in Canadian Dollars]

Independent auditors' report

To the Shareholders of
Maricann Inc.

We have audited the accompanying financial statements of **Maricann Inc**., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2015 and December 31, 2014 and for the period April 25, 2013 to December 31, 2013, 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 auditors consider 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 in our audits 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 **Maricann Inc**. as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 and for the period April 25, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 6, 2017

Chartered Professional Accountants
Licensed Public Accountants

Maricann Inc.

Statements of financial position

[Expressed in Canadian dollars]

As at December 31

	2015	2014
	$	$
Assets		
Current assets		
Cash and cash equivalents	**1,000**	42,908
Inventory *[note 4]*	**760,248**	343,000
Biological assets *[note 5]*	**168,399**	128,075
Other assets *[note 6]*	**138,780**	191,652
Due from shareholders *[note 11]*	**—**	3,163,955
	1,068,427	3,869,590
Property, plant and equipment *[note 7]*	**4,278,740**	2,775,091
	5,347,167	6,644,681
Liabilities		
Current liabilities		
Trade and other payables *[note 8]*	**1,896,575**	474,367
Shareholder loans *[note 9]*	**3,200,000**	2,750,000
Finance leases *[note 10]*	**99,072**	—
	5,195,647	3,224,367
Finance leases *[note 10]*	**87,329**	—
	5,282,976	3,224,367
Shareholders' equity		
Share capital *[note 11]*	**5,856,955**	5,856,955
Contributed surplus *[note 11]*	**240,462**	—
Deficit	**(6,033,226)**	(2,436,641)
Total shareholders' equity	**64,191**	3,420,314
	5,347,167	6,644,681

Commitments and contingency *[note 15]*

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director   Director

Maricann Inc.

Statements of net loss and comprehensive loss

[Expressed in Canadian dollars]

	2015	2014	For the period from April 25, 2013 to December 31, 2013
	$	$	$
Revenue	**1,971,810**	443	—
Cost of sales *[note 4]*	**2,901,546**	516,672	117,685
Unrealized gain on changes in fair value of biological assets [note 5]	**(1,428,319)**	(471,075)	—
Gross profit (loss)	**498,583**	**(45,154)**	**(117,685)**
Expenses			
General and administrative	**2,772,695**	1,186,107	80,456
Sales and marketing	**795,937**	711,007	92,386
Share-based compensation *[note 11]*	**33,599**	—	—
Depreciation *[note 7]*	**443,004**	178,906	10,208
Loss before interest expense (income)	**(3,546,652)**	(2,121,174)	(300,735)
Interest expense (income), net *[note 9]*	**49,933**	14,811	(79)
Net loss and comprehensive loss	**(3,596,585)**	(2,135,985)	(300,656)
Net loss per share, basic and diluted *[note 12]*	**(0.10)**	(0.08)	(0.49)
Weighted average number of outstanding shares			
Basic and diluted	**36,612,000**	25,778,860	610,200

The accompanying notes are an integral part of these financial statements

Maricann Inc.

Statements of changes in shareholder's equity

[Expressed in Canadian dollars]

For the years ended December 31, 2015 and 2014

	Common shares #	Share capital $	Contributed surplus $	Total shareholders' equity (deficiency) $
As at April 25, 2013	—	—	—	—
Net loss and comprehensive loss for the period	—	—	—	(300,656)
Issuance of common shares, net of issuance costs	610,200	20	—	20
As at December 31, 2013	610,200	20	—	(300,636)
Net loss and comprehensive loss for the year	—	—	—	(2,135,985)
Issuance of common shares, net of issuance costs	36,612,000	5,856,955	—	5,856,955
Cancellation of common shares	(610,200)	(20)	—	(20)
As at December 31, 2014	36,612,000	5,856,955	—	3,420,314
	—		—	
Net loss and comprehensive loss for the year	—	—	—	(3,596,585)
Share-based compensation	—	—	240,462	240,462
As at December 31, 2015	**36,612,000**	**5,856,955**	**240,462**	**64,191**

The accompanying notes are an integral part of these financial statements

Maricann Inc.

Statements of cash flows

[Expressed in Canadian dollars]

	2015	2014	For the period from April 25, 2013 to December 31, 2013
	$	$	$
Operating activities			
Net loss for the year	**(3,596,585)**	(2,135,985)	(300,656)
Add (deduct) items not involving cash			
Non-cash interest	**53,765**	15,000	—
Unrealized gain from changes in fair value of biological assets	**(1,428,319)**	(471,075)	—
Share based compensation expense	**33,599**	—	—
Cash-settled options expense	**103,446**	119,838	—
Share based compensation expense to non employees	**206,863**	—	—
Depreciation	**443,004**	178,906	10,208
Loss on sale of property, plant and equipment	**488**	—	—
	(4,183,739)	(2,293,316)	(290,448)
Changes in non-cash working capital items			
Inventory	**(417,248)**	(343,000)	—
Biological asset	**1,387,995**	343,000	—
Other assets	**52,872**	(57,949)	(185,593)
Trade and other payables	**839,589**	313,612	77,807
Cash used in operating activities	**(2,320,531)**	(2,037,653)	(398,234)
Investing activities			
Purchase of property, plant and equipment	**(1,318,262)**	(2,809,790)	(154,415)
Proceeds on disposal of property, plant and equipment	**1,000**	—	—
Cash used in investing activities	**(1,317,262)**	(2,809,790)	(154,415)
Financing activities			
Issuance of common shares *[note 11]*	**3,163,955**	2,692,980	20
Cash proceeds from shareholder loans *[note 9]*	**1,200,000**	1,936,805	813,195
Repayment of shareholder loans *[note 9]*	**(750,000)**	—	—
Repayment of obligations under finance leases	**(18,070)**	—	—
Cash provided by financing activities	**3,595,885**	4,629,785	813,215
Net decrease in cash and cash equivalents during the year	**(41,908)**	(217,658)	260,566
Cash and cash equivalents, beginning of year	**42,908**	260,566	-
Cash and cash equivalents, end of year	**1,000**	42,908	260,566

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Maricann Inc. ["Maricann" or the "Company"] was incorporated under the laws of the Province of Ontario, Canada on April 25, 2013 and is a licensed marijuana producer under the Access to Cannabis for Medical Purposes Regulation [the "ACMPR"]. Maricann received its first license from Health Canada under the Marijuana for Medical Purposes Regulations on March 27, 2014. The Company received an updated license [the "License"] under the ACMPR on March 29, 2017, which expires on September 28, 2018. It is anticipated that Health Canada will continue to renew the License. The Company's registered office is 150 8th Concession Road, Langton, Ontario.

Subsequent to year end, on December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and earnings per share information have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises ["GAAP"], as set out in the CPA Canada Handbook – Accounting ["CPA Handbook"], which incorporates International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 6, 2017.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for biological assets, which are measured at fair value, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payments*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

[Expressed in Canadian dollars unless otherwise noted]

Use of judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- The use of the going concern basis of preparation of the financial statements. At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In arriving at this determination, the Company considered various factors including the following:
    - Additional financing raised subsequent to the year end totaling $35,648,704 as further described in note 18 relative to the amount of anticipated cash flow requirements for the next 12 months. A summary of the financings are as follows:

Date	**$**	**Nature of financing** *[note 18]*
November 18, 2016	3,148,704	Common shares
December 15, 2016	22,500,000	22,500 units with each unit comprising of a $1,000 convertible debenture and 500 common share purchase warrants
March 3, 2017	10,000,000	Common shares
	35,648,704	

    - The likelihood of the Company completing a going public transaction and the Company's shares being listed on a stock exchange will result in the automatic conversion of the above noted convertible debentures into common shares. The convertible debentures have a maturity of June 15, 2017. Should the Company not complete a going public transaction and list on a stock exchange by this date, the holders of the convertible debentures will have the right to either convert into common shares and the Company will be obligated to issue 10% additional shares and warrants for no additional consideration or demand repayment with 10% per annum interest. The Company has initiated the process of completing a going public transaction and listing the Company's shares on an exchange and anticipates this will be completed prior to the maturity date of the convertible debentures. As part of the agreement signed with Danbel Ventures Inc. ["Danbel"] *[note 18]*, the Company and Danbel are required to have shareholder approval by each respective company, approving the transaction no later than April 30, 2017.

After considering its plans to mitigate the going concern risk, management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's conclusion that there is no material uncertainty surrounding its ability to continue as a going concern is predicated on its significant judgment that given the high likelihood of completion of the transaction with Danbel, it is unlikely that the convertible debentures will be required to be repaid in 2017. The estimates and judgment made by management in reaching this conclusion are based on information available as at the date these financial statements were authorized for issuance. Accordingly, actual circumstances may differ from those estimates and the variation may be material.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- *Valuation of the fair value less costs to sell of biological assets and agricultural produce*

Biological assets, consisting of medical cannabis plants and agricultural produce, are measured at fair value less cost to sell up to the point of harvest. The determination of the fair values of the biological assets requires the Company to make assumptions with respect to how market participants would estimate fair value. These assumptions primarily relate to the level of effort required to bring the biological assets up to the point of harvest, cost to convert the harvested medical cannabis to finished goods, sales price, risk of loss and expected yield from the medical cannabis plants.

- *Useful lives and impairment of property, plant and equipment*

Depreciation of property, plant and equipment is dependent upon management's estimate of the assets' useful lives, which requires judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

- *Share-based compensation*

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the volatility of the value of the Company's common shares and the risk free interest rate are used.

3. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand or deposits held with banks. The Company does not invest in any asset-backed deposits or investments.

Biological assets

The Company measures biological assets consisting of medical cannabis plants at fair value less costs to sell up to the point of harvest. Agricultural produce consisting of medical cannabis is measured at fair value less costs to sell at the point of harvest, which becomes the basis for the cost of finished goods inventory after harvest.

Gains or losses arising from changes in fair value less cost to sell during the year are included in the statements of net loss and comprehensive loss of the related year.

Inventory

The value of finished goods is measured at the lower of cost and net realizable value, wherein the cost of the finished goods includes the value of the agricultural produce at the date of its conversion.

Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

The Company reviews inventory for obsolete, redundant, and slow moving goods and such inventory identified is written down to net realizable value. Any write downs of inventories to net realizable value are recorded in the statements of net loss and comprehensive loss at the time they are determined.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided for on a straight-line basis over the assets' estimated useful lives, which management have determined to be:

Furniture and fixtures	5 years
Computer equipment and software	3 years
Agricultural equipment	10 years
Leasehold improvements	Lesser of useful life and remaining term of the lease

The Company assesses an asset's residual value, useful life and depreciation method at each financial year end and makes adjustments if appropriate.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the statements of net loss and comprehensive loss of the related year.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets [the cash-generating unit, or "CGU"]. The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at its inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee, in which case the lease is classified as a finance lease and the asset is treated as if it had been purchased outright.

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statements of net loss and comprehensive loss.

Operating lease payments are recognized as an operating expense in the statements of net loss and comprehensive loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

Revenue recognition

Revenue from the sale of products is recognized when all of the following criteria have been satisfied: significant risks and rewards of ownership have been transferred to the buyer, there is no continuing managerial involvement with respect to the goods sold, revenue can be reliably measured at the fair value of consideration received or expected to be received, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is recognized at the fair value of consideration received or receivable less any appropriate deductions for loyalty program costs.

Loyalty award credits issued as part of a sales transaction result in revenue being deferred until the loyalty award is redeemed by the customer. The portion of the revenue that is deferred is the fair value of the award. The fair value of the award takes into account the portion of the award credits that are not expected to be redeemed by the customers.

Share-based compensation

The Company has a share option plan of which further details are given in Note 12.

Equity-settled transactions

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the period in which the service and, where applicable, the performance conditions are fulfilled [the vesting period] with a corresponding increase in equity [contributed surplus]. Fair value is measured using the Black-Scholes option pricing model. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statements of net loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statements of net loss and comprehensive loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share [further details are given in note 12].

Cash-settled transactions

For cash-settled share-based payments, a liability is recognized for the goods and services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the statements of net loss and comprehensive loss for the reporting period. Fair value is measured using the Black-Scholes option pricing model.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statements of net loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition [other than in a business combination] of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates [and tax laws] that have been enacted or substantively enacted by the end of the year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive loss or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at fair value through profit or loss] are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Company initially recognizes financial assets at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. The Company does not have assets that would be classified as available-for-sale financial assets or held-to-maturity financial assets.

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statements of net loss and comprehensive loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Classification	
Cash and cash equivalents	Loans and receivables
Subscription receivable	Loans and receivables
Bank overdraft	Other liabilities
Trade and other payables	Other liabilities
Shareholder loans	Other liabilities

Impairment of financial assets

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initially recognizing the financial asset, the present value of estimated future cash flows determined based on the instrument's original effective interest rate are lower than the asset's carrying amount. When an impairment has been identified, the financial asset's carrying amount is reduced through the use of an allowance account, with changes in the carrying amount recognized in profit or loss. Subsequent recoveries of amounts previously written off are adjusted against the allowance account.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise share options issued.

Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Chief Executive Officer. The Company has a single operating and reportable segment.

New standards, interpretations and amendments adopted by the Company

The following new accounting standards applied or adopted during the year ended December 31, 2015 had no material impact on the financial statements:

Amendments to IAS 41 – Agriculture and IAS 16 – Property, plant and equipment ["IAS 41" and "IAS 16"]

This amendment provides guidance regarding the accounting for bearer plants by providing a definition of bearer plants and brings bearer plants within the scope of IAS 16 from IAS 41. The amendment is effective for annual reporting periods beginning on or after January 1, 2016, and must be applied retrospectively. The Company early adopted the amendments to IAS 41 and IAS 16 and the adoption of these amendments did not have any impact on the Company's statement of financial position or statement of net loss and comprehensive loss.

IFRS 8 - Operating Segments ["IFRS 8"]

This standard has been amended to require [i] disclosure of judgments made by a company's management in aggregating segments, and [ii] a reconciliation of segment assets to the entity's assets when segments are reported. These amendments became effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments to IFRS 8 did not have any impact on the disclosures of the Company.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments ["IFRS 9"]

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. The Company is in the process of evaluating the impact of IFRS 9 on the Company's financial statements.

IFRS 15 Revenue from contracts with customers ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses 2018 sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company is evaluating the effect that IFRS 15 will have on its financial statements and related disclosures, as well as the transition method to apply the new standard.

IFRS 16 – Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

Amendments to IAS 1 - Financial Statement Presentation ["IAS 1"]

The IASB has published "Disclosure Initiative" [Amendments to IAS 1]. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company does not expect the amendments to IAS 1 to have a material impact on its financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization ["IAS 16" and "IAS 38"]

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business [of which the asset is part] rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are not expected to have any impact on the financial statements of the Company as the Company has not used a revenue-based method to depreciate its non-current assets.

IAS 7 – Statement of cash flows ["IAS 7"]

IAS 7 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is in the process of evaluating the amendments to IAS 7 on the Company's financial statements.

IAS 12 – Income Taxes ["IAS 12"]

IAS 12 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect the adoption of this standard to have a significant impact on the Company's disclosures as it does not have any debt instruments that are measured at fair value.

IFRS 2 – Share based payments ["IFRS 2"]

IFRS 2 has been amended to address [i] certain issues related to the accounting for cash settled awards, and [ii] the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the amendments to IFRS 2 on the Company's financial statements.

Notes to financial statements

[Expressed in Canadian dollars unless otherwise noted]

December 31, 2015

4. Inventory

	2015	2014
	$	$
Finished goods	**103,189**	343,000
Work in process	**657,059**	—
	760,248	343,000

The cost of inventory recognized as an expense during the years ended December 31, 2015 and December 31, 2014 and for the period from April 25, 2013 to December 31, 2013 was $2,901,546, $516,672 and $117,685 respectively.

The Company did not have any inventory write-downs during the years ended December 31, 2015 and December 31, 2014 and for the period from April 25, 2013 to December 31, 2013.

5. Biological assets

The changes in the carrying value of biological assets which, consist of cannabis on plants, are as follows:

	$
Balance at December 31, 2013	—
Net increase in fair value less costs to sell due to biological transformation	471,075
Transferred to inventory upon harvest	(343,000)
Balance at December 31, 2014	**128,075**
Net increase in fair value less costs to sell due to biological transformation	1,428,319
Transferred to inventory upon harvest	(1,387,995)
Balance at December 31, 2015	**168,399**

All biological assets are current assets. The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The significant assumptions used in determining the fair value of cannabis on plants includes:

[i] Expected yields for cannabis on plants to be harvested, including wastage and the risk over the period;

[ii] The costs incurred and costs at different stages in the growing, drying and selling cycle of the plants were estimated by calculating an average of total growing, drying and selling costs over the total production period; and

[iii] The number of growing weeks incurred as a percentage of total growing weeks was applied to the total fair value per gram, which is determined based on market prices of medical cannabis.

These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

[Expressed in Canadian dollars unless otherwise noted]

The Company estimates the harvest yields for medical cannabis at various stages of growth. As of December 31, 2015, it is expected that the Company's biological assets will yield approximately 140,901 grams [2014 – 107,161 grams] of medical cannabis when harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

6. Other current assets

The Company's other current assets include the following:

	2015	**2014**
	$	$
Prepayments and deposits	**53,642**	28,116
Input tax receivable	**82,844**	163,536
Other receivables	**2,294**	—
	138,780	191,652

7. Property, plant and equipment

Cost	**Furniture and fixtures** $	**Computer equipment and software** $	**Agricultural equipment** $	**Leasehold improvements** $	**Total** $
As at December 31, 2013	—	—	16,250	138,165	154,415
Additions	39,696	134,238	245,079	2,390,777	2,809,790
As at December 31, 2014	39,696	134,238	261,329	2,528,942	2,964,205
Additions	6,713	70,913	294,699	1,575,817	1,948,142
Disposals	—	—	—	(1,700)	(1,700)
As at December 31, 2015	**46,409**	**205,151**	**556,028**	**4,103,059**	**4,910,647**

Accumulated depreciation	**Furniture and fixtures** $	**Computer equipment and software** $	**Agricultural equipment** $	**Leasehold improvements** $	**Total** $
As at December 31, 2013	—	—	1,117	9,091	10,208
Depreciation	3,857	17,972	13,022	144,055	178,906
As at December 31, 2014	3,857	17,972	14,139	153,146	189,114
Depreciation	8,422	51,872	35,337	347,374	443,005
Disposals	—	—	—	(212)	(212)
As at December 31, 2015	**12,279**	**69,844**	**49,476**	**500,308**	**631,907**

[Expressed in Canadian dollars unless otherwise noted]

Net book value	**Furniture and fixtures** $	**Computer equipment and software** $	**Agricultural equipment** $	**Leasehold improvements** $	**Total** $
As at December 31, 2014	35,839	116,266	247,190	2,375,796	2,775,091
As at December 31, 2015	**34,130**	**135,307**	**506,552**	**3,602,751**	**4,278,740**

8. Trade and other payables

The Company's trade and other payables include the following:

	2015 $	**2014** $
Trade payables and accrued liabilities	**1,271,332**	313,593
Accrued interest	**65,292**	15,000
Accrued payroll	**336,667**	25,936
Cash-settled options	**223,284**	119,838
	1,896,575	474,367

9. Shareholder loans

During the years ended December 31, 2013 and 2014, the Company received loans from its shareholders to expand its operating facility. The first loan was received during the year ended December 31, 2013 for $813,195 and the second loan was received during the year ended December 31, 2014 for $1,936,805 [collectively the "Shareholder Loans"]. The Shareholder Loans are subject to an interest rate of 1% per annum [commencing as of March 1, 2014] until such amounts are repaid, however for the loan received in October 2014 for $750,000, the shareholders waived the rights to any interest. Interest on the Shareholder Loans shall be paid annually in arrears or at such other times as the Board of Directors may determine. The Shareholder Loans are due on demand. As at December 31, 2015, accrued interest is approximately $65,292 [2014 – $15,000].

In January 2015, the Company repaid the October 2014 Shareholder Loan of $750,000. A further $1,200,000 in Shareholder Loans was then received by the Company during 2015. Of the $1,200,000 of loans received, $600,000 is subject to an interest rate of 6.5% and the remainder at 6% paid annually in arrears or at such other times as the Board of Directors may determine. The $1,200,000 was received in four monthly tranches of $300,000 in June, July, October and November of 2015, respectively. The balance of $3,265,292 as at December 31, 2015 is payable on demand [2014 – $2,765,000].

Notes to financial statements

[Expressed in Canadian dollars unless otherwise noted]

December 31, 2015

10. Finance leases

The Company entered into a finance lease to lease bio-botanical extraction equipment in October 2015. The equipment related to the lease is recorded as finance leases in property, plant and equipment. The Company's finance lease is for a 23 month terms and bears interest at 7.5% [2014 – NIL].

	December 31, 2015	December 31, 2014
Minimum lease payments		
No later than 1 year	108,420	—
Later than 1 year, but no later than 5 years	89,321	—
	197,741	—
Less: future finance charges	(11,340)	—
Present value of minimum lease payments	186,401	—
Current liabilities	99,072	—
Non-current liabilities	87,329	—
	186,401	—

11. Share capital

Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Common share stock split

On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and loss per share information have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.
Reconciliation of the Company's share capital is as follows:

	Common shares	
	#	$
As at December 31, 2013	610,200	20
Issuance of common shares for cash consideration, net of issuance costs *[i]*	36,612,000	5,856,955
Cancellation of common shares	(610.200)	(20)
As at December 31, 2014	36,612,000	5,856,955
As at December 31, 2015	**36,612,000**	**5,856,955**

[i] During the year ended December 31, 2014, the Company issued 36,612,000 common shares for consideration of $5,856,955 [net of issuance costs of $143,045]. Of the total net consideration of $5,856,955, $2,692,980 was received prior to year end and the balance of $3,163,975 was received subsequent to year end.

[Expressed in Canadian dollars unless otherwise noted]

Share options

The Company has established a stock option plan [the “Option Plan”] for directors, officers, employees and consultants of the Company. The Company’s Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company’s Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board shall have increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired, or cancelled shall again be available under the Option Plan.

[i] Share-based payment arrangements

As at December 31, 2016, the Company had the following share-based payment arrangements:

[a] Equity-settled arrangements

Grant date/individual entitled	**Number of instruments**	**Vesting conditions**	**Contractual life of option**
Options granted to employees On April 20, 2015	244,080	3 years’ service from grant date	6 years
Options granted to non-employees			
On April 1, 2015	305,100	1 year of service from grant date	3 years
On April 8, 2015	208,078	Vests immediately	2 years
Total share options	**757,258**		

[Expressed in Canadian dollars unless otherwise noted]

[b] Cash settled arrangements

Grant date/individual entitled	**Number of instruments**	**Vesting conditions**	**Contractual life of option**
Options granted to non-employees			
On April 1, 2014	305,100	1 year of service from grant date	4 years
On April 1, 2015	305,100	1 year of service from grant date	4 years
Total share options	**610,200**		

[ii] Measurement of fair values

The fair value of share options granted during the year ended December 31, 2015 and 2014 was estimated at the date of grant using the Black Scholes option pricing model using the following inputs:

Employee options

	Equity-settled arrangements	
	2015	**2014**
Grant date fair value [weighted average]	$0.59	N/A
Exercise price [weighted average]	$0.15	N/A
Expected dividend yield	0%	N/A
Risk-free interest rate	0.80%	N/A
Expected option life [weighted average]	6 years	N/A
Expected volatility [(weighted average]	96.41%	N/A

Non-employee options

	Equity-settled arrangements		**Cash-settled arrangements**	
	2015	**2014**	**2015**	**2014**
Grant date fair value [weighted average]	$0.60	N/A	$0.45	$0.39
Exercise price [weighted average]	$0.07	N/A	$0.64	$0.66
Expected dividend yield	0%	N/A	0%	0%
Risk-free interest rate	0.48%	N/A	1.31%	1.93%
Expected option life [weighted average]	3 years	N/A	4 years	4 years
Expected volatility [(weighted average]	96.41%	N/A	96.41%	96.41%

Expected volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

[Expressed in Canadian dollars unless otherwise noted]

[iii] Reconciliation of outstanding equity-settled share options

	Options Issued	**Weighted average exercise price**
	#	$
Outstanding as at December 31, 2014	—	—
Options issued	757,258	0.25
Outstanding as at December 31, 2015	**757,258**	**0.25**

The following table is a summary of the Company's share options outstanding as at December 31, 2015:

	Options Outstanding		**Options Exercisable**	
Exercise price range	**Number outstanding**	**Weighted average remaining contractual life [years]**	**Weighted average exercise price**	**Number exercisable**
$	#	#	$	#
0.07	305,100	2.25	—	—
0.15	244,080	5.31	—	—
0.66	208,078	1.27	0.66	208,078
Balance, December 31, 2015	**757,258**	**2.97**	**0.66**	**208,078**

There were no equity-settled share options outstanding as at December 31, 2014.

[iv] Share based compensation expense

Employee options

The Company recognized $33,599 of share-based compensation expense to employees during the year ended December 31, 2015 [2014 - $NIL, period ended 2013 - $NIL] with a corresponding amount recognized as a contributed surplus. See above per "Measurement of Fair Values" for significant assumptions used.

Non-employee options

The Company recognized $206,863 of share-based compensation expense to non-employees during the year ended December 31, 2015 [2014 - $NIL, period ended 2013 - $NIL] with a corresponding amount recognized as a contributed surplus. See above per "Measurement of Fair Values" for significant assumptions used.

[v] Liabilities arising from cash-settled options

Details of the liabilities arising from the cash-settled options are as follows:

	2015	**2014**
Total carrying amount of liability	223,284	119,838
Total intrinsic value of liabilities for vested options	—	—

[Expressed in Canadian dollars unless otherwise noted]

12. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future would have increased the loss per share [anti-dilutive] for the years presented as follows:

	2015	**2014**	**2013**
	#	#	#
Share options	**757,258**	—	—

13. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to net loss before income taxes, shown as follows:

	2015	**2014**	**2013**
	$	$	$
Net loss before tax	(3,596,585)	(2,135,925)	(300,656)
Expected tax rate	26.5%	26.5%	26.5%
Expected tax benefit resulting from loss	(953,095)	(566,020)	(79,674)
Permanent differences	—	—	—
Deferred tax asset not recognized	953,095	566,020	79,674
Income tax recovery	—	—	—

Deferred tax assets have not been recognized in respect of tax losses because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As at December 31, 2015, The Company's estimated non-capital losses that can be applied against future taxable profit amount to $5,644,363. These non-capital losses expire in the years ended:

December 31, 2033	$290,580
December 31, 2034	$2,147,014
December 31, 2035	$3,206,769

[Expressed in Canadian dollars unless otherwise noted]

14. Related parties

Transactions and balances with related parties

The Company considers its related parties to consist of its Board of Directors and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals; and shareholders and their affiliates which may exert significant influence over the Company's activities.

Until termination of the arrangement in 2015, an executive of the Company had been providing labour to the Company through an affiliated company. The amount expensed for the year ended December 31, 2015 was $NIL [2014 – $478,993, period ended 2013 - $52,994]. As at December 31, 2015, the amount owed to this affiliated company was $NIL [2014 – $12,656].

Management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including the Chief Executive Officer, Chief Financial Officer and equivalent, and Directors.

In the year ended December 31, 2015, the Company's expenses included $338,039 [2014 – $244,544, period ended 2013 - $30,400] of salary or consulting fees paid to key management personnel.

15. Commitments and contingencies

The Company has production facilities under operating lease arrangements until fiscal 2018. The Company has the right under the lease arrangement to extend the leases by another five years. The following table presents the minimum payments due over the next three years until the termination of the leasing arrangement.

	$
2016	75,000
2017	75,000
2018	62,500
	212,500

16. Capital management

The Company considers its capital to consist of share capital, shareholder loans, and accumulated deficit. The Company's objectives when managing capital are to ensure that it can provide products to its customers and returns to its shareholders.

As at December 31, 2015, total managed capital was $3,329,483 [2014 – $6,185,314] comprised of shareholders' equity of $64,191 [2014 – shareholders' equity of $3,420,314] and shareholder loans including interest of $3,265,292 [2014 – $2,765,000].

[Expressed in Canadian dollars unless otherwise noted]

The Company manages its capital structure and makes adjustments to it, based on funds available to the Company, in order to fund its operations and the purchase and construction of its growing facility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change in how the Company defines or manages capital in the year.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy and objectives with respect to capital risk management remained unchanged for the year ended December 31, 2015.

17. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations as disclosed in note 1. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

In addition to the commitments disclosed in note 15, the Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Year 2	Year 3
	$	$	$	$	$
Trade and other payables	1,896,575	1,896,575	1,896,575	—	—
Shareholder loan	3,200,000	3,200,000	3,200,000	—	—
Finance leases	186,401	197,741	112,423	85,318	—
	5,282,976	5,294,316	5,208,998	85,318	—

Market risk

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

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk associated with shareholder loans. Subsequent to the year end, all shareholder loans were repaid.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at December 31, 2015.

Fair values

The carrying values of cash and cash equivalents, other assets, bank overdraft, accounts payable and accrued liabilities and shareholder loans approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs which are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash and cash equivalents and bank overdrafts are classified as Level 1 financial instruments. Other assets, accounts payable and accrued liabilities and shareholder loans are classified as Level 2 financial instruments. During the year, there were no transfers of amounts between Level 1 and Level 2.

18. Subsequent events

In January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017. On February 3, 2017, the commercial term loan was extended at a fixed interest rate of 6% for a period of 5 years maturing on January 15, 2022.

In January 2016, the Company secured a $2,000,000 commercial line of credit with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5%, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty. On February 3, 2017, the commercial line of credit was extended on terms consistent with the original agreement except that repayment can be demanded at the lender's discretion.

In February 2016, the Company entered into a $765,375 fixed rate mortgage facility [the "Mortgage"] with a Canadian based lender to assist with the purchase of 138 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company's registered office over which the mortgage facility is secured. Interest on the mortgage facility is accrued monthly at a one-year, fixed rate of 5.5%, for a term of one year. On February 3, 2017, the commercial line of credit was extend on terms consistent with the original agreement for a period of one year.

During March and August, 2016, the Company entered into three separate promissory notes for the principal amounts of $420,000, $100,000, and $400,000 respectively [collectively the "Promissory Notes"]. The Promissory Notes mature on November 2, 2016 with interest being accrued at a fixed rate of 10.0%. The Promissory Notes include a mandatory prepayment clause requiring prepayment of the outstanding principal amount and all accrued and unpaid interest upon completion of any share subscription transaction pursuant to which the Company raises not less than $3 million in equity and the Lenders per the Commercial Line of Credit and the Mortgage [collectively the "Lenders"] have released the Holders of the Promissory Notes of their subordination and postponement obligations in favor of the Lenders or has otherwise consented to such mandatory prepayment. The Company also has a prepayment option providing it with the option to repay the principal amount outstanding on the Promissory Notes without notice, bonus or penalty provided that each repayment of principal is accompanied by payment of all interest accrued and unpaid.

On November 18, 2016, the Company completed a raise of $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share.

On December 15, 2016, the Company entered into a binding letter agreement [the "Letter Agreement"] with Danbel Ventures Inc. ["Danbel"], for Danbel to acquire a 100% interest in the Company, which will constitute a reverse takeover of Danbel by the shareholders of the Company [the "Transaction"]. The Company intends to apply for a concurrent listing of the Resulting Issuer's common shares on the Canadian Stock Exchange. As part of the agreement signed with Danbel, the Company and Danbel are required to have shareholder approval by each respective company, approving the transaction no later than April 30, 2017.

On December 15, 2016, the Company completed a $22,500,000 financing by issuing 22,500 units [the "Units"], with each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 [a "Debenture"] and 500 common share purchase warrants [the "Warrants"]. The Debentures have a maturity of June 15, 2017.

Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be automatically converted into common shares of the Company at a conversion price of $1.00 per share and subsequently be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer's common shares for any 20 consecutive trading days equals or exceeds $1.90.

As consideration for their services, the Transaction's Agent was issued 900,000 compensation options [the "Compensation Options"]. Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the listing date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date.

In December 2016, the Company has repaid all the outstanding shareholder loans.

On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,510,585 common shares of the Company at $2.85 per share.

APPENDIX C

PRO FORMA FINANCIAL STATEMENT OF MARICANN GROUP

Pro Forma Consolidated Financial Statements of Resulting Issuer

Maricann Inc. (formerly Danbel Ventures Inc.)

(Expressed in Canadian dollars, unaudited)
September 30, 2016

INDEX TO
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Maricann Inc. (formerly Danbel Ventures Inc.)
Pro Forma Consolidated Statement of Financial Position
As at September 30, 2016
(Unaudited)

	Danbel Ventures Inc.	Maricann Inc.	Notes	Pro forma adjustments	Pro forma consolidated
	$	$		$	$
Assets					
Current assets					
Cash and cash equivalents	474	1,000	[b], [c], [d]	19,909,401	19,910,875
Inventory	-	1,026,131		-	1,026,131
Biological assets	-	318,987		-	318,987
Other assets	-	61,878		-	61,878
	474	1,407,996		19,909,401	21,317,871
Property, plant and equipment	-	6,438,295		-	6,438,295
	474	7,846,291		19,909,401	27,756,166
Liabilities					
Current liabilities					
Line of credit	-	1,854,167		-	1,854,167
Trade and other payables	105,479	2,025,863	[b]	(105,479)	2,025,863
Shareholder loans	176,865	2,500,000	[b]	(176,865)	2,500,000
Borrowings	250,000	3,612,422	[b]	(250,000)	3,612,422
Finance leases	-	154,454		-	154,454
	532,344	10,146,906		(532,344)	10,146,906
Finance leases	-	14,664		-	14,664
	532,344	10,161,570		(532,344)	10,161,570
Shareholders' (deficiency) equity					
Share capital	3,814,342	5,856,955	[a], [b], [d], [e]	21,599,425	31,270,722
Warrants	-	-	[d]	765,289	765,289
Contributed surplus	-	638,944	[d], [e]	91,988	730,932
Deficit	(4,346,212)	(8,811,178)	[a], [b], [c], [d], [e]	(2,014,957)	(15,172,347)
Total shareholders' (deficiency) equity	(531,870)	(2,315,279)		20,441,745	17,594,596
	474	7,846,291		19,909,401	27,756,166

The accompanying notes are an integral part of these pro-forma consolidated financial statements.

1. BACKGROUND AND BASIS OF PRESENTATION

Background

Maricann Inc. (the "Company" or "Maricann") is a Company incorporated under the laws of the Province of Ontario and a licensed marijuana producer under the Access to Cannabis for Medical Purposes Regulation (the "ACMPR"). Maricann received its first license from Health Canada under the Marijuana for Medical Purposes Regulations ("MMPR") on March 27, 2014 (the "License") and began production and commenced sales of medical cannabis in December 2014 and cannabis oil production and sales in May of 2016 and October of 2016, respectively. The Company received an updated license under the ACMPR on March 29, 2017 which expires on September 28, 2018. It is anticipated that Health Canada will continue to renew the License.

Maricann's registered office is 150 8th Concession Road, Langton, Ontario.

On March 3, 2017, the Company entered into a definitive agreement with Danbel Ventures Inc. ("Danbel") to combine Maricann and Danbel via the merger of a wholly owned subsidiary of Danbel ("Danbel Subco") and Maricann which will constitute a reverse takeover of Danbel by the shareholders of Maricann. It is intended that the resulting company (the "Resulting Issuer") will continue to operate as Maricann ●.

The amalgamation will be effected pursuant to the OBCA and at the effective time, each issued and outstanding Maricann Share will be exchanged for a Post-Consolidated Danbel Share, each issued and outstanding Maricann Existing Warrant will be exchanged for a Resulting Issuer Warrant, each issued and outstanding Maricann existing option will be exchanged for a Resulting Issuer option, and each Maricann existing compensation option will be exchanged for a Resulting Issuer compensation option. It is anticipated that the issuance of the Resulting Issuer securities will be exempt from the prospectus and registration requirements of applicable securities laws.

On December 15, 2016, the Company completed a $22,500,000 financing by issuing 22,500 units [the "Units"], with each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 [a "Debenture"] and 500 common share purchase warrants [the "Warrants"]. Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and subsequently be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the resulting Issuer at an exercise price of $1.25 per share for a period of two years from the Listing Date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer's common shares for any 20 consecutive trading days equals or exceed $1.90.

As consideration for their services, the Transaction's Agent was issued 900,000 compensation options [the "Compensation Options"]. Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the listing date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date.

On November 18, 2016, the Company completed a raise of $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share. This financing has not been factored into the pro forma consolidated financial statements.

On March 3, 2017, the Company completed a raise of $10,005,167 by issuing 3,510,585 common shares of the Company at $2.85 per share. This financing has not been factored into the pro forma consolidated financial statements.

Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Maricann Inc. have been prepared by management of Maricann for illustrative purposes only, to show the effect of the proposed acquisition of Maricann by Danbel constituting a reverse takeover of Danbel by the shareholders of Maricann (the "Transaction").

These unaudited pro-forma consolidated financial statements have been compiled from and include:

An unaudited pro-forma consolidated statement of financial position combining (i) the unaudited statement of financial position of Maricann as at September 30, 2016 with (ii) the unaudited interim consolidated balance sheet of Danbel as at September 30, 2016, giving effect to the Transaction as if it had occurred at September 30, 2016.

The unaudited pro-forma consolidated financial statements have been compiled using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as set out in the audited financial statements of Maricann for the year ended December 31, 2015.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the financial statements and notes thereto of Danbel and Maricann described above. The unaudited pro-forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the continuing entity, Maricann Inc., which would have actually resulted had the proposed transactions been effected on the dates indicated. Further, the unaudited pro-forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. The pro-forma adjustments and allocations of the purchase price of Danbel by Maricann as a reverse takeover are based in part on estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. The final valuation will be based on the actual assets and liabilities of Danbel that exist as of the date of completion of the acquisition.

2. Description of Transaction

On March 3, 2017, the Company entered into a definitive agreement with Danbel to combine Maricann and Danbel via the merger of Danbel Subco and Maricann which will constitute a reverse takeover of Danbel by the shareholders of Maricann (the "Transaction"). It is intended that the Resulting Issuer will continue to operate as Maricann Inc.

The Agreement sets out the terms of the Transaction, including the following:

- The outstanding liabilities of Danbel will be settled by way of issuing 5,500,000 shares of Danbel prior to the consolidation of shares by Danbel. Total outstanding liabilities as at September 30, 2016 was $532,344 comprised of trade and other payables, shareholder loans and borrowings.
- All outstanding options of Danbel will be exercised prior to the consolidation of shares. Total number of options outstanding were 360,000 options with an exercise price of $0.05 per share resulting in cash of $18,000.
- Prior to the transaction, Danbel will consolidate its share capital on a 9.22-to-1 basis (the "Consolidation"). The total number of Danbel shares outstanding is 11,527,716 pre-Consolidation. Post-Consolidation, total number of Danbel shares will be 1,250,000.
- 22,500 units of Debentures of Maricann will be automatically converted into 22,500,000 common shares of Maricann prior to the Transaction. 11,250,000 warrants associated with the Units will be exchanged for 11,250,000 post-consolidation warrants of Danbel.
- 900,000 Compensation Options of Maricann will be exchanged for 900,000 post Consolidation Compensation Options of Danbel.
- 3,720,695 common shares of Maricann will be issued to a key employee of Maricann prior to the Transaction.

- 62,832,695 of Maricann common shares will be exchanged for 62,832,695 post-Consolidation common shares of Danbel.
- All other stock options and warrants of Maricann will be converted into equal number of post-Consolidation stock options and warrants of Danbel.

3. Pro Forma Adjustments and Assumptions

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions:

a) The acquisition of Maricann by Danbel constitutes a reverse asset acquisition as Danbel does not meet the definition of a business, as defined in IFRS 3 - *Business Combinations*. Accordingly, as a result of the transaction, the pro-forma consolidated statement of financial position has been adjusted for the elimination of Danbel's share capital of $4,364,686 and accumulated deficit of $4,346,212, within shareholders' (deficiency) equity. Danbel's share capital of $4,364,686 is comprised of Danbel's share capital of $3,814,342 as at September 30, 2016, settlement of existing Danbel debt by way of share issuance immediately prior to the transaction of $532,344 and exercise of stock options in the amount of $18,000.

b) As a result of this reverse asset acquisition, a listing expense of $3,544,026 has been recorded to reflect the difference between the estimated fair value of the Maricann shares to the Danbel shareholders less the net fair value of the assets of Danbel acquired.

In accordance with reverse acquisition accounting:

i. The assets and liabilities of Maricann are included in the pro-forma consolidated statement of financial position at their carrying values;
ii. The net assets of Danbel are included at their fair value of $18,474 (equal to the carrying value of these net assets given the current nature of the net assets);
iii. Trade and other payables, shareholder loans and borrowings of Danbel in the amount of $105,479, $176,865 and $250,000 respectively were converted into common shares of Danbel prior to the transaction.

iv. The net assets have been allocated as follows:

Cash as at September 30, 2016	$474
Cash received from exercise of stock options	$18,000
Net assets acquired	$18,474

v. The listing expense of $3,544,026 was determined as follows:
- Number of Maricann common shares held by former Maricann shareholders outstanding after the conversion of Debentures described in note 3(d) is estimated to be 62,832,695 or approximately 98% of the combined entity.
- Number of outstanding shares of Danbel prior to the Transaction is determined to be 1,250,000, or approximately 2% of the combined entity.
- The fair value of the shares considered issued to acquire Danbel under reverse takeover accounting is assumed to be $3,562,500 calculated as 1,250,000 shares at $2.85 per share. The fair value per share is the issue price paid for Maricann's common shares as part of its most recent financing on March 3, 2017.
- The difference between the fair value of $3,562,500 attributed to Danbel and the estimated fair value of the net assets of Danbel of $18,474 amounts to a listing expense of $3,544,026.

c) Total cash transaction costs which are expected to be incurred for the reverse asset acquisition amount to $571,000, which includes exchange fees and professional and consulting fees. This amount has been expensed and reflected as a reduction to cash.

d) On December 15, 2016, the Company completed a financing of $22,500,000 with Dundee Securities Ltd. (the "Agent"). Pursuant to the financing, the Company issued 22,500 units (the "Units"), with each Unit comprised of one senior unsecured convertible debenture (the "Debenture") with a principal amount of $1,000 and 500 common share purchase warrants (the "Warrants"). Immediately prior to completion of the transaction, the principal amount of the Debenture will be converted into common shares of the Company at a conversion price of $1.00 per share. The Warrants are exercisable into common shares of the Company at an exercise price of $1.25 per share for up to 2 years from the closing date of the transaction. The fair value of the Warrants was estimated at $578,048 using the residual method.

e) Issuance costs were $2,037,599 in cash and 900,000 compensation options (the "Compensation Options"). Each Compensation Option entitles the holder thereof to purchase one common share (the "Compensation Share") and one common share purchase warrant (the "Compensation Warrant") of the Company at an exercise price of $1.00 per Compensation Option. Each Compensation Warrant entitles the holder thereof to purchase one common share at an exercise price of $1.25 for up to 2 years from the closing date of the transaction. Based on the Black-Scholes pricing model, the fair value of the Compensation Shares and Compensation Warrants is $284,845 and $253,418 respectively using the following assumptions:

Grant date share price	$0.68
Exercise price	$1.00 - $1.25
Risk-free interest rate	0.80%
Expected life (years)	2.5
Expected annualized volatility	95.05%
Expected dividend yield	0%

Issuance costs were allocated to common shares and Warrants in the amount of $2,509,685 and $66,177 respectively.

f) In August 2016, Maricann entered into an arrangement with a key management employee to issue 3,661,200 common shares of the Company upon meeting certain market and non-market conditions. The arrangement with the employee was amended in October 2016 resulting in an increase in the number of common shares to be issued to 4,960,926. Immediately prior to the transaction, Maricann will issue 3,720,695 common shares to the employee, of which 1,660,000 shares were approved by Maricann's Board of Directors and issued on January 23, 2017. In addition, the key management employee is entitled to an additional 1,240,231 common shares of the Company, upon the Company receiving approval of its new facilities. Using Black-Scholes pricing model, the grant date fair value of these shares was $2,439,000 using the following assumptions:

Grant date share price	$0.68
Exercise price	nominal
Risk-free interest rate	0.55%
Expected life (years)	0.8 - 2
Expected annualized volatility	96.15% - 124.46%
Expected dividend yield	0%

The Company had recognized stock option expense of $192,857 up to September 30, 2016 resulting in additional expense of $2,246,143.

4. Pro-forma Shareholders' equity

	Common shares	Share capital	Warrants	Warrants	Contributed surplus	Deficit	Total shareholders' equity
	#	$	#	$	$	$	$
Danbel - Balance as of September 30, 2016	5,667,716	3,814,342		-	-	(4,346,212)	(531,870)
Danbel - Shares issued for settlement of debt [note 2]	5,500,000	532,344					532,344
Danbel - Share issued on exercise of stock options [note 2]	360,000	18,000					18,000
Danbel - Share consolidation prior to transaction [note 2]	(10,277,716)	-					-
Maricann - Balance as of September 30, 2016	36,612,000	5,856,955		-	638,944	(8,811,178)	(2,315,279)
Maricann - Shares issued for settlement of convertible debt [note 3[d]]	22,500,000	21,921,952					21,921,952
Maricann - Warrants issued with convertible debt [note 3[d]]			11,250,000	578,048			578,048
Maricann - Financing costs [note 3[d]]		(2,509,685)		(66,177)			(2,575,862)
Maricann - Compensation Options issued for financing costs [note 3[d]]			900,000	253,418	284,845		538,263
Maricann - Shares issued to a key employee of Maricann [note [e]]	3,720,695	2,439,000			(192,857)	(2,246,143)	-
Danbel - Equity eliminated upon transaction [note 3[a]]		(4,364,686)				4,346,212	(18,474)
Transaction costs [note 3[c]]						(571,000)	(571,000)
Maricann - Value of common shares assumed issued to Danbel shareholders [note 3[b]]		3,562,500				(3,544,026)	18,474
	64,082,695	**31,270,722**	**12,150,000**	**765,289**	**730,932**	**(15,172,347)**	**17,594,596**

Subsequent to September 30, 2016, on November 18, 2016, the Company completed a raise of $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share. Maricann also issued 305,100 common shares for exercise of stock options by a non-employee. In addition, on March 3, 2017, the Company completed a raise of $10,005,167 by issuing 3,510,585 common shares of the Company at $2.85 per share. These financings have not been factored into the pro forma consolidated financial statements. Taking these transaction into consideration, the number common shares would be as follow:

	Common shares #
Pro forma	64,082,695
November 18, 2016 transaction	4,618,603
January, 2017 exercise of stock options	305,100
March 3, 2017 transaction	3,510,585
	72,516,983

5. The Resulting Issuer’s effective tax rate on a pro forma basis is nil given the history of losses.

APPENDIX D

MANAGEMENT DISCUSSION AND ANALYSIS OF DANBEL

APPENDIX E

MANAGEMENT DISCUSSION AND ANALYSIS OF MARICANN

Maricann Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Month Periods Ended
September 30, 2016

MARICANN INC.

Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2016

The following is the Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Maricann Inc. ("Maricann" or the "Company") for the three and nine month periods ended September 30, 2016, with comparatives. Throughout this MD&A, unless otherwise specified, "Maricann", "the Company", "we", "us" or "our" refer to Maricann Inc. The Company is incorporated in Ontario and domiciled in Canada and the Company's registered office is located at 150 8th Concession Road, Langton, Ontario.

The effective date of the MD&A is March 31, 2017. This MD&A should be read in conjunction with the audited financial statements of the Company and notes thereto for the year ended December 31, 2015 and 2014 (the "Annual Financial Statements"), the unaudited condensed interim financial statements for the three and nine month periods ended September 30, 2016 and 2015 (the "Interim Financial Statements") (collectively the Statements") and with the Maricann Annual MD&A for the year-ended December 31, 2015 and 2014.

The Statements have been prepared by management in accordance with generally accepted accounting principles in Canada ("GAAP"), as set out in the Chartered Professional Accountant of Canada Handbook – Accounting ("CPA Handbook") which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses incurred during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods.

All amounts in the MD&A are expressed in Canadian dollars, unless otherwise noted.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may contain "forward-looking information," within the meaning of applicable securities laws, including the "safe harbour provisions" of the Securities Act (Ontario) with respect to Maricann. Such statements include, but are not limited to, statements with respect to expectations, projections, or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward looking statements contained in this MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future cannabis pricing; cannabis production yields; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel; the regulatory requirements; the application of federal and provincial environmental laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks Factors" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties, and assumptions, the reader should not place undue reliance on these forward looking statements. The Company's forward-looking statements are made only as of the date of this MD&A, and except as required by applicable law, Maricann undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

Further Company details and filings are available at www.sedar.com.

OVERVIEW OF THE COMPANY

Company Background

Maricann Inc. is a Company incorporated under the laws of the Province of Ontario and a licensed marijuana producer under the *Access to Cannabis for Medical Purposes Regulation* (the "ACMPR"). Maricann received its first license from Health Canada under the *Marijuana for Medical Purposes Regulations* ("MMPR") on March 27, 2014 (the "License") and began production and commenced sales of medical cannabis in December 2015 and cannabis oil production and sales in May of 2016 and October of 2016, respectively. The Company received an updated license under the ACMPR on March 29, 2017 which expires on September 28, 2018. It is anticipated that Health Canada will continue to renew the License.

As of the date hereof, the License is one of 38 licenses issued by Health Canada under the ACMPR for all of Canada, and one of 23 licenses issued for Ontario. Of the 38 licenses issued for all of Canada, the License is one of 27 licenses permitted to produce and sell marijuana, one of 18 licenses permitted to produce and sell cannabis oil, and one of 5 licenses to produce and sell cannabis starting materials, including seeds and clones. Management believes that the Company benefits from a number of competitive advantages which will allow it to be strategically positioned for future developments in the industry.

Since commencing operations at its main facility located at 150 8th Concession Road, Langton, Ontario in April 2013, the Company has continued to expand production of the main facility. The Company also recently acquired 97.5 acres of property adjacent to the main facility to strategically support further expansion.

Pursuant to the License, the Company is permitted to possess, produce, sell, ship, transport, deliver and destroy dried medical marijuana, marijuana plants (including plants and seeds), cannabis resin and cannabis oil.

Company Products

The Company currently offers two main types of products: dried marijuana and cannabis oil. All of the Company's products are independently lab tested and certified before being packaged and labelled with detailed information about the levels of Tetrahydrocannabinol ("THC") and Cannabidol ("CBD") within each product.

THC is one of the cannabinoids found in the cannabis plant and is responsible for the majority of the plant's psychoactive properties. THC is the most desirable element of the plant by the majority of consumers. Studies have demonstrated that THC may have medical benefits, including analgesic properties and its tendency to increase appetite. CBD is gaining popularity as a therapeutic cannabinoid for a variety of diseases, such as autism, epilepsy, and other nerve related conditions.

Nearly all modern cannabis strains are hybridized in some form or another, traditionally cannabis has been separated into Sativa and Indica or the in-between ("hybrid") options.

(i) Dried Marijuana

Product Name	THC Content (%)	CBD Content (%)	Dominant Strain
ICANN Balanced Low 14	6.63	10.39	Hybrid
ICANN Balanced Low 168	5.57	15.66	Sativa Dominant
ICANN Balanced Low 25	6.44	9.00	Sativa Dominant
ICANN Forte 12	13.91	-	Indica Dominant
ICANN Ultra Forte 15	20.17	-	Indica Dominant
ICANN Ultra Forte 16	21.88	-	Indica Dominant
ICANN Ultra Forte 19	21.69	-	Hybrid
ICANN Ultra Forte 27	20.35	0.11	Sativa Dominant
ICANN Ultra Forte 3	20.63	-	Indica Dominant
ICANN Ultra Forte 5	17.20	-	Sativa Dominant

(ii) Cannabis Oil

Product Name	THC Content (%)	CBD Content (%)	Dominant Strain
ICANN Oil - Balanced	0.49	0.89	Hybrid
ICANN Oil - Forte	1.78 – 2.56	0.03	Hybrid
ICANN Oil - Moderate	0.32	0.97	Hybrid
ICANN Oil - Rich	0.41	2.06	Sativa Dominant

(iii) Accessories

The Company also offers a number of accessories including vaporizers, grinders and other paraphernalia.

For additional information on product offerings please visit the Company's website at www.Maricann.ca.

Corporate Developments

(i) Finance raising

On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,510,585 common shares of the Company at $2.85 per share.

(ii) Reverse Takeover and $22.5M Convertible Debenture Issuance

On December 15, 2016, the Company entered into a binding letter agreement (the "Letter Agreement") with Danbel Ventures Inc. ("Danbel), for Danbel to acquire a 100% interest in Maricann which will constitute a reverse takeover of Danbel by the shareholders of the Company (the "Transaction'). Maricann intends to then apply for a concurrent listing of the Resulting Issuer's common shares on the Canadian Securities Exchange ("CSE").

At the same time, the Company completed a $22,500,000 financing by issuing 22,500 units (the "Units"), each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 (a "Debenture") and 500 common share purchase warrants (the "Warrants). Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer's common shares for any 20 consecutive trading days equals or exceed $1.90.

As partial consideration for their services, the Agent of the Transaction was issued 900,000 compensation options (the "Compensation Options"). Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the Listing Date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder of the warrant to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the Listing Date.

(iii) *Finance Raising*

On November 18, 2016, the Company completed a capital raising for $3,148,704 by issuing 4,618,604 common shares of the Company ("Common Share Units") at $0.68 per Common Share Unit.

(iv) *License Renewal*

Effective March 29, 2017, Health Canada renewed the License to September 28, 2018 and is expected to extend the License at the end of its current term. The License currently allows the Company to, among other things, produce up to 930 kilograms ("kgs"), 352 kgs, and 30 kgs of dried marijuana, cannabis oil and cannabis resin, respectively, per year and to sell and distribute within Canada up to 930 kgs, 352 kgs, 30 kgs and 10,001 kgs of dried marijuana, cannabis oil, cannabis resin and marijuana plants respectively, per year.

(v) *Regulatory Changes*

In 2001, the Government of Canada introduced a regulatory regime, the *Medical Marihuana Access Regulations ("MMAR"),* governing access of patients to marijuana for medical purposes. In June 2013, Health Canada replaced the MMAR with the MMPR which permitted companies to apply as a Licensed Producer of medical marijuana. On August 24, 2016, the ACMP replaced the MMPR as the governing regulations in respect of the production, sale and distribution of medical cannabis and cannabis oil. The ACMPR effectively combines the regulations and requirements of the MMPR, the Marihuana Medical Access Regulations and the section 56 exemptions relating to cannabis oil under the Controlled Drugs and Substances Act into one set of regulations. The Company's latest license renewal was completed under the ACMPR, dated March 29, 2017.

(vi) *Promissory Notes, Mortgage Facility and Commercial Term loan and Line of Credit*

During March and August, 2016, the Company entered into three separate promissory notes for the principal amounts of $420,000, $100,000, and $400,000 respectively (collectively the "Promissory Notes"). The Promissory Notes mature on November 2, 2016 with interest being accrued a fixed rate of 10.0% per annum. The Promissory Notes include a mandatory prepayment clause requiring prepayment of the outstanding principal amount and all accrued and unpaid interest upon completion of any share subscription transaction pursuant to which the Company raises not less than $3M in equity and the Lenders per the Commercial Term Loan and the Line of Credit (see below) and the Mortgage (see below) (collectively the "Lenders") have released the Holders of the Promissory Notes of their subordination and postponement obligations in favor of the Lenders or has otherwise consented to such Mandatory Prepayment. The Company also has a prepayment option providing it with the option to repay the principal amount outstanding on the Promissory Notes without notice, bonus or penalty provided that each repayment of principal is accompanied by payment of interest accrued and unpaid. At the date of this MD&A, and in accordance with the terms, the promissory notes have been paid in full.

During February 2016, the Company entered into a $765,375, fixed rate mortgage facility (the “Mortgage”) with a Canadian based lender to assist with the purchase of 138 – 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company’s registered office, over which the mortgage facility is secured. Interest on the mortgage facility is accrued monthly at a one-year, fixed rate of 5.5%. On February 3, 2017, the commercial term loan was extend at a fixed interest rate of 6% for a period of 5 years maturing on January 15, 2022.

During January 2016, the Company secured a $2,000,000 commercial line of credit (the “line of credit”) with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5% per annum, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty to the Company. On February 3, 2017, the commercial line of credit was extend at on terms consistent with the original agreement.

During January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017. On February 3, 2017, the commercial line of credit was extend on terms consistent with the original agreement for a period of one year.

Company Outlook and Strategy

World Class Innovation and Scale

We bring experience, innovation and scale together, replicating genetically stable plants in our world-class growing facility. Working in collaboration with Evolab – a global leader in extraction technologies – we use innovative processes in producing all-natural cannabis plants and products for our North American customers. As well, our future 1 MM square foot Dresden-based facility – ideal for cannabis cultivation – gives us access to Germany’s newly created and expected to expand cannabis market. Currently, Maricann is expanding its cultivation operations by constructing a 203,500 sq. ft. facility in Langton on its wholly owned property, allowing the company the ability to produce an additional 10,400 kg of product per year for the Canadian market.

Leveraging scale allows us to grow more for less: we’re on track to meet our cost objective of less than $1.34 per gram produced, making us among the lowest-cost producers in the country.

Growing Green with Green

Energy efficiency is at the core of everything we do. From producing on-site, natural gas co-generation electricity to gathering rainwater from our roofs, we drive energy efficiencies throughout our production processes to save time and money.

Growing under glass – through high-efficiency windows – means we harness solar energy with the full colour spectrum of the sun. This lowers our carbon footprint, while increasing our yield. We also use CO_2 to heat our water and floors, and we pump CO_2 back into our greenhouses where it acts as a natural booster to our growth cycle. We grow cleaner and larger plants though this method.

Being so energy efficient allows us to be a low-cost, high-quality producer in a market that rarely sees that combination.

Significant Expansion since 2013

In 2013, we acquired an established, 8,000 square foot growing operation in Langton, Ontario, an agricultural community located in one of Canada's most arable regions.

We quickly ramped up that facility in size, output and onsite security in building a 30,000 square foot, high-efficiency growing facility. We are currently expanding that to more than 200,000 square feet by the fall of 2017. This increased capacity means our sales are expected to at least double in 2018 over 2017 and prior years, and our production is expected to more than triple.

With plans to be publicly traded in 2017, MariCann is becoming one of the world's leading vertically integrated cannabis companies.

Overall Financial Performance

	For the three months ended				For the nine months ended			
	Sept 30, 2016	Sept 30, 2015	$ Change	% Change	Sept 30, 2016	Sept 30, 2015	$ Change	% Change
	$	$			$	$		
Revenue	892,081	572,928	319,153	56%	2,756,100	1,012,042	1,744,058	172%
Gross profit	477,490	278,913	198,577	71%	1,255,479	331,576	923,903	279%
Expenses	1,597,027	1,032,494	564,533	55%	4,033,431	2,716,645	1,316,786	48%
Net loss and comprehensive loss	(1,119,537)	(753,581)	(365,956)	49%	(2,777,952)	(2,385,069)	(392,883)	16%
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	49%	(0.08)	(0.07)	(0.01)	16%
Weighted average number of shares	36,612,000	36,612,000	-	0%	36,612,000	36,612,000	-	0%

	As of the period ending			
	Sept 30, 2016	Dec 31, 2015	$ Change	% Change
	$	$		
Total assets	7,846,291	5,347,167	2,499,124	47%
Total liabilities	10,161,570	5,282,976	4,878,594	92%

The Company was incorporated in 2013, commenced commercial operations in mid-2014 and began generating revenues from the sale of medical cannabis in Late December 2014. Production and operations have been consistently growing in both sales and capacity since inception. The company has maintained its focus on providing quality products produced in a cost effective manner. Net losses for the quarters and nine months ended September 30, 2016 and 2015 reflect the steady increase in operational and other working capital uses consistent with a company on a steep growth curve. Revenues for the nine months ended September 30, 2016 have grown 172% when compared to the same period the in 2015. From an expense perspective the increases in cultivation related costs, the hiring and contracting of more experts and experienced personnel and increased corporate activity have driven a 48% increase year over year. Of note, the net loss was offset by the unrealized gain on changes in fair value of biological assets which were $694,694 and $416,913 for the three months ended September 30, 2016 and 2015 and $1,762,112 and $1,079,072 for the nine months ended September 30, 2016 and 2015.

During the three months ended September 30, 2016, the Company focused its efforts and operational and capital spending on the following:

- Registration of patients;

- Hiring of senior financial, growing and management resources
- Optimizing and Increasing production to meet the anticipated increase in product demand; and
- Growing increased market awareness of the company and its products and approach.

SELECTED FINANCIAL INFORMATION

This section provides detailed financial information and analysis about the Company's performance for the three and nine month periods ended September 30, 2016 compared to the same periods in 2015. The selected financial information set out below may not be indicative of the Company's future performance.

Results of Operations and Supplementary Financial Information

	Three month periods ended				Nine month periods ended			
	Sept 30, 2016	Sept 30, 2015	$ Change	% Change	Sept 30, 2016	Sept 30, 2015	$ Change	% Change
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	$	$	$	%	$	$	$	%
Revenues	892,081	572,928	319,153	56%	2,756,100	1,012,042	1,744,058	172%
Cost of sales	1,109,285	710,928	398,357	56%	3,262,733	1,759,538	1,503,195	85%
Unrealized gain from changes in fair value of biological assets	(694,694)	(416,913)	(277,781)	67%	(1,762,112)	(1,079,072)	(683,040)	63%
Gross profit	477,490	278,913	198,577	71%	1,255,479	331,576	923,903	279%
Expenses								
General and administrative	713,636	665,233	48,403	7%	2,035,133	1,839,327	195,806	11%
Sales and marketing	356,349	228,394	127,955	56%	998,633	521,215	477,418	92%
Share-based compensation	237,078	12,122	224,956	1856%	261,058	21,477	239,581	1116%
Depreciation	185,898	112,261	73,637	66%	504,953	309,346	195,607	63%
Loss before interest expense	(1,015,471)	(739,097)	(276,374)	37%	(2,544,298)	(2,359,789)	(184,509)	8%
Interest expense, net	104,066	14,484	89,582	618%	233,654	25,280	208,374	824%
Net loss and comprehsnive loss	(1,119,537)	(753,581)	(365,956)	49%	(2,777,952)	(2,385,069)	(392,883)	16%
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	49%	(0.08)	(0.07)	-	0%
Weighted average number of shares	36,612,000	36,612,000	-	0%	36,612,000	36,612,000	-	0%

	As at			
	Sept 30, 2016	Dec 31, 2015	$ Change	% Change
Total Assets	7,846,291	5,347,167	2,499,124	47%
Total Liabilities	10,161,570	5,282,976	4,878,594	92%
Shareholders' (deficiency) equity	(2,315,279)	64,191	(2,379,470)	-3707%

	For the nine month period ended			
	Sept 30, 2016	Sept 30, 2015	$ Change	% Change
Cash flows from operating activities	(2,951,764)	(1,958,965)	(992,799)	51%
Cash flows from financing activities	4,629,610	3,013,955	1,615,655	54%
Cash flows from investing activities	(1,677,846)	(1,010,608)	(667,238)	66%
Capital expenditures	2,528,320	1,010,608	1,517,712	150%

Review of Operations for the Three Month Periods ended September 30, 2016 and 2015

Revenues

Revenues for the three month period ended September 30, 2016 were $892,081 compared to $572,928 during the same period in 2015, an increase of $319,153 or 56%. The increase in revenue, period over period, is due primarily due to the growth in the Company's customer base. Total product sold for the three month period ended September 30, 2016 was 126.7 kilograms at an average selling price of $7.87 per gram up from 97.5 kilograms sold during the three month period ended September 30, 2015 at an average price of $6.12 per gram.

The Company's strains were priced between $4.68 and $ 14.64 per gram for the three month period ended September 30, 2016, up from between $ 3.92 and $ 9.77 per gram for the three month period ended September 30, 2015, with compassionate pricing set at a 20% discount off of the listed price (2015 – 20%).

Net cost of sales

Included in net cost of sales are the net change in fair value of biological assets, inventory expensed and production costs. Biological assets consist of cannabis plants at various pre-harvest stages of growth which are recorded at fair value less costs to sell at the point of harvest. Cost to sell include processing, testing, shipping and sales related costs. At harvest, the biological assets are transferred to inventory at their fair value which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold. Direct production costs are expensed through cost of sales. Net cost of sales for the three month period ended September 30, 2016 and 2015 were $414,951 and $294,015, respectively, and includes a recovery relating to the unrealized gain on changes in the fair value of biological assets of $694,694 and $416,913 during those same respective periods.

We expect net cost of sales to vary from quarter to quarter based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the quarter.

Gross profit

Gross profit for the three month period ended September 30, 2016 was $477,490 compared to $278,913 for the same period in 2015, an increase of $198,577 or 71%. Gross profit includes unrealized gain from changes in biological assets which was $694,694 compared to $416,913 during the three month periods ended September 30, 2016 and 2015, respectively. Increase in gross profit is primarily due to the change in unrealized gain from changed in fair value of biological assets.

We expect gross profit to vary from quarter to quarter based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the quarter.

Expenses

General and administrative

General and administrative expenses for the three month period ended September 30, 2016 were $713,636 compared to $665,233 during the same period in 2015, an increase of $48,403 or 7%. This is primarily due to an increase in administrative payroll costs.

Sales and marketing

Sales and marketing expenses for the three month period ended September 30, 2016 were $356,349 compared to $228,394 during the same period in 2015, an increase of $127,955 or 56%. The increase in sales and marketing expenses is primarily due to the expansion of the business in 2016 with primary movements including an increase in business development expenses of $93,889 and an increase in promotional, seminar and sponsorship costs of $12,034.

Share-based compensation

Share-based compensation expense relates to share options issued to employees under the Company's share option plan. Share-based compensation for the three month period ended September 30, 2016 was $237,078 compared to $12,122 during the same period in 2015, an increase of $224,956 or 1856%. The increase is due to the effect of the share-based compensation award issued to a key management employee in August 2016.

Depreciation

Depreciation expense for the three month period ended September 30, 2016 was $185,898 compared to $112,261 during the same period in 2015, an increase of $73,637 or 66%. The increase was primarily due to additional greenhouse space and increased capacity in the processing facility in both 2015 and 2016.

Net Loss and comprehensive loss

Net loss and comprehensive loss for the three month period ended September 30, 2016 were $1,119,537 compared to $753,581 during the same period in 2015, an increase of $365,956 or 49%. This is primarily due to an increase in expenses of $474,951 and an increase in interest expense of $89,582. The increase in expenses has been explained in detail above. The increase in interest expense is primarily due to the increased borrowings that were entered into by the Company during the course of 2016.

Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted loss per share excludes un-issued common shares related to stock options as they are anti-dilutive. Basic and diluted loss per share for the three month period ended September 30, 2016 was $0.03 per share as compared to $0.02 per share for the three month ended September 30, 2015, respectively.

Review of Operations for the Nine Month Periods ended September 30, 2016 and 2015

Revenues

Revenues for the nine month period ended September 30, 2016 were $2,756,100 compared to $1,012,042 during the same period in 2015, an increase of $1,744,058 or 172%. The increase in revenue, period over period, is due primarily due to the growth in the Company's customer base. Total product sold for the nine month period ended September 30, 2016 was 413.5 kilograms at an average selling price of $7.50 per gram up from 178.9 kilograms sold during the nine month period ended September 30, 2015 at an average price of $5.83 per gram.

The Company's strains were priced between $4.24 and $14.64 per gram for the nine month period ended September 30, 2016, up from between $ 3.90 and $ 10.68 per gram for the nine month period ended September 30, 2015, with compassionate pricing set at a 20% discount off of the listed price (2015 – 20%).

Net cost of sales

Included in net cost of sales are the net change in fair value of biological assets, inventory expensed and production costs. Biological assets consist of cannabis plants at various pre-harvest stages of growth which are recorded at fair value less costs to sell at the point of harvest. Cost to sell include processing, testing, shipping and sales related costs. At harvest, the biological assets are transferred to inventory at their fair value which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold. Direct production costs are expensed through cost of sales. Net cost of sales for the nine month period ended September 30, 2016 and 2015 were $1,500,621 and $680,466, respectively, and includes a recovery relating to the unrealized gain on changes in the fair value of biological assets of $1,762,112 and $1,079,072 during those same respective periods.

We expect net cost of sales to vary from quarter to quarter based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the quarter.

Gross profit

Gross profit for the nine month period ended September 30, 2016 was $1,255,479 compared to $331,576 for the same period in 2015, an increase of $923,903 or 279%. Gross profit includes unrealized gain from changes in biological assets which was $1,762,112 compared to $1,079,072 during the nine month periods ended September 30, 2016 and 2015, respectively. Increase in gross profit is primarily due to the increase in change in unrealized gain from changed in fair value of biological assets of $683,040 along with operational efficiencies.

We expect gross profit to vary from quarter to quarter based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the quarter.

Expenses

General and administrative

General and administrative expenses for the nine month period ended September 30, 2016 were $2,035,133 compared to $1,839,327 during the same period in 2015, an increase of $195,806 or 11%. The increase is due to the expansion in the business with primary increase in consulting and professional services of $144,195 and an increase in travel related expenses of $44,008.

Sales and marketing

Sales and marketing expenses for the nine month period ended September 30, 2016 were $998,633 compared to $521,215 during the same period in 2015, an increase of $477,418 or 92%. The increase in sales and marketing expenses is primarily due to the expansion of the business in 2016 with primary movements including an increase in business development expenses of $344,067, an increase in promotional, seminar and sponsorship costs of $66,825 and an increase in share based compensation to non-employees of $43,107 for services.

Share-based compensation

Share-based compensation expense relates to share options issued to employees under the Company's share option plan. Share-based compensation for the nine month period ended September 30, 2016 was $261,058 compared to $21,477 during the same period in 2015, an increase of $239,581 or 1116%. The increase is primarily due to the vesting of share options issued to employees in 2015 and 2016 in the amount of $14,625 and the effect of the share-based compensation award issued to a key management employee in August 2016 in the amount of $224,956.

Depreciation

Depreciation expense for the nine month period ended September 30, 2016 was $504,953 compared to $309,346 during the same period in 2015, an increase of $195,607 or 63%. The increase was primarily due to additional greenhouse space and increased capacity in the processing facility in both 2015 and 2016.

Net Loss and comprehensive loss

Net loss and comprehensive loss for the nine month period ended September 30, 2016 were $2,777,952 compared to $2,385,069 during the same period in 2015, an increase of $392,883 or 16%. This is primarily due to an increase in expenses of $1,108,412 and an increase in interest expense of $208,374 offset by increase in gross profit of $923,903. The increase in expenses and gross profit has been explained in detail above. The increase in interest expense is primarily due to the increased borrowings that were entered into by the Company during the course of 2016.

Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted loss per share excludes un-issued common shares related to stock options as they are anti-dilutive. Basic and diluted loss per share for the nine month period ended September 30, 2016 was $0.08 per share as compared to $0.07 per share for the nine month ended September 30, 2015, respectively.

Total Assets

Total assets at September 30, 2016 were $7,846,291 compared to $5,347,167 at December 31, 2015, an increase of $2,499,124 or 47%. The increase is primarily due an increase in inventory of $256,883, an increase in biological assets of $150,558, and an increase in property, plant and equipment of $2,159,555.

Inventory increased by $265,883 or 35% due to the inclusion of $157,757 related to cannabis oil finished goods and work in progress. Dried cannabis inventory increased due to the ramp up in production.

Biological assets increased by $150,588 or 89% due to the increase in fair value due to biological transformation, offset by $1,611,524 that was harvested and transferred to inventory.

Property, plant and equipment increased by $2,159,555 primarily due to additions of $2,664,508 offset by depreciation of $504,953. The additions in 2016 included additions to the existing facility and the purchase of 97.5 acres of property adjacent to the main facility to strategically support the Company’s future expansion.

Total Liabilities

Total liabilities at September 30, 2016 were $10,161,570 compared to $5,282,976 at December 31, 2015, an increase of $4,878,594 or 92%. The increase is primarily due an increase in bank overdraft of $1,825,039, an increase in borrowings of $3,612,422, and a decrease in shareholder loans of $700,000.

Borrowings

Line of Credit: In January 2016, the Company secured a $2,000,000 commercial line of credit with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5%, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty. At September 30, 2016 the Company had drawn down $1,854,167 (December 31, 2015 - $NIL) on the line of credit.

Commercial term loan: In January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017.

Fixed Rate Mortgage: In February 2016, the Company entered into a $765,375, fixed rate mortgage facility (the "Mortgage") with a Canadian based lender to assist with the purchase of 138 – 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company's registered office. Interest on the Mortgage is accrued monthly at a one-year, fixed rate of 5.5%. At September 30, 2016, the carrying amount of the Mortgage is $752,817 (December 31, 2015 - $NIL).

Promissory Notes: During March and August, 2016, the Company entered into three separate promissory notes for the principal amounts of $420,000, $100,000, and $400,000 respectively (collectively the "Promissory Notes"). The Promissory Notes mature on November 2, 2016 with interest being accrued at a fixed rate of 10.0%. The Promissory Notes include a mandatory prepayment clause requiring prepayment of the outstanding principal amount and all accrued and unpaid interest upon completion of any share subscription transaction pursuant to which the Company raises not less than $3 million in equity and the Lenders per the Commercial Term loan and the Line of Credit and the Mortgage (collectively the "Lenders") have released the Holders of the Promissory Notes of their subordination and postponement obligations in favor of the Lenders or has otherwise consented to such mandatory prepayment. The Company also has a prepayment option providing it with the option to repay the principal amount outstanding on the Promissory Notes without notice, bonus or penalty provided that each repayment of principal is accompanied by payment of all interest accrued and unpaid. As at September 30, 2016, the carrying amount of the Promissory Notes is $920,000 (December 31, 2015 - $NIL).

Shareholder Loans

During the nine months ended September 30, 2016, the Company repaid $1,200,000 of shareholder loans and received a further $500,000 in shareholder loans on the same terms and conditions as the original shareholder loans with a waiver of Shareholder rights to any interest. The remaining balance of shareholder loans of $2,500,000 at September 30, 2016 is payable on demand (December 31, 2015 - $3,200,000).

Liquidity and Capital Resources

For the nine month period ended September 30, 2016, the Company generated revenues of $2,881,100 from operations and financed its operations and met its capital requirements primarily through shareholder debt and external borrowings. The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements.

As at September 30, 2016, the Company had a working capital deficiency of $8,613,910 compared to a working capital deficiency of $4,127,220 at December 31, 2015. The decrease in working capital of $4,486,690 is primarily attributable to the Company's additional borrowing facilities, including its line of credit, of which $5,466,589 is included as current liabilities, offset by the net repayment of the shareholder loans of $700,000.

Subsequent to September 30, 2016, the Company has significantly strengthened its balance sheet and liquidity position with over $35 million in new financings as further described in "Company Developments" above.

The Company anticipates that it has sufficient liquidity and capital resources to meet all its planned expenditures for the next twelve months.

Operating Activities
For the nine month period ended September 30, 2016, cash flows used in operating activities were $2,951,764 compared to $1,958,965 for the nine month period ended September 30, 2015, an increase in cash used of $992,799 or 51%. The increase in cash flow used in operations is due to higher losses of $267,883 increased by lower non-cash items of $215,621 and change in non-cash working capital balances of $509,295.

Financing Activities
For the nine month period ended September 30, 2016, cash flows provided by financing activities were $4,629,610 compared to $3,013,955 for the nine month period ended September 30, 2015, an increase cash of $1,615,655 or 54%. The increase in cash provided by financing activities is primarily due to an increase in cash proceeds from borrowings, including the line of credit, of $5,466,589, offset by a reduction in capital financings of $3,163,955 and shareholder loans of $700,000.

Investing Activities
For the nine month period ended September 30, 2016, cash flows used in investing activities were $1,677,846 compared to $1,010,608 for the nine month period ended September 30, 2015, an increase of $667,238 or 66%. A significant portion of this increase related to the purchase of land and buildings for $1,298,600.

Share Capital
The Company's authorized share capital consists of an unlimited number of common shares without par value of which 36,612,000 common shares are issued and outstanding as of the date of this MD&A.

Common Share stock split

On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and earnings per share information in this MD&A have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

Commitments and Contingent Liabilities

Contingent Liabilities

The Company recognizes loss contingency provisions for probable losses when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the minimum amount is recorded. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

As at September 30, 2016 and 2015, the Company has not recognized any contingent liabilities.

Commitments

The Company has production facilities under operating lease arrangements until fiscal 2018. The Company has the right under the lease arrangement to extend the leases by another five years. The following table presents the minimum payments due over the next four years until the termination of the leasing arrangement.

	$
Remainder of 2016	22,500
2017	90,000
2018	27,500
	140,000

Off-Balance Sheet Arrangements

Maricann has no off-balance sheet arrangements except for the commitments shown above.

Transactions with Related Parties

The Company had no transactions with related parties except those pertaining to transactions with key management personnel in the ordinary course of their employment or directorship.

Risk Factors

The Company has implemented Risk Management Governance Processes that are led by the Board of Directors, with the active participation of management, and updates its assessment of its business risks on a annual basis. Notwithstanding, it is possible that the Company may not be able to foresee all of the risks that it may have to face. The market in which Maricann currently competes is complex, competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in forward looking statements. Readers of this MD&A should not rely upon forward looking statements as a prediction of future results.

The following risk factors have been identified by Management:

<u>Financial Risk Factors</u>

The Company is exposed to credit risk through its cash and cash equivalents. The Company is exposed to liquidity risk in meetings is contractual obligations associated with financial liabilities as they become due.

Refer to the notes to the financial statements for more information on the impact of financial risks.

<u>Other Risk Factors</u>

(i) *General Business Risk and Liability*

Given the nature of the Company’s business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors’ funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company’s right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

(ii) *Regulation of the Marijuana Industry*

The business and activities of the Company are heavily regulated in all jurisdictions where it carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of medical marijuana and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

(iii) Changes in Laws, Regulations and Other Guidelines

The Company's operations are subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. While the Company is currently in compliance with all such laws, regulations and guidelines, any changes due to matters on such laws and regulations beyond the control of the Company could have a material adverse effect on the business, results of operations and financial condition of the Company.

(iv) Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(v) Reliance on License Renewal

The Company's business is dependent on the License from Health Canada and the need to maintain the License in good standing. 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 the Company. The license was renewed March 29, 2017 and expires September 28, 2018. Although management believes it will meet the requirements of the ACMPR annually for extension of the License, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it 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 or not allow for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected.

(vi) Dependence on Senior Management

The success of the Company is dependent upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient members of qualified senior management personnel could adversely affect its business. This risk is partially mitigated by the fact that the senior management team are significant shareholders in the Company. As well, implementation of employee compensation packages composed of monetary short-term compensation and long-term stock based compensation has been designed, in part, for the retention of senior management personnel.

(vii) Competition in the Industry

There is potential that the Company 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 Company. Because of the early stage of the industry in which Maricann operates, the Company expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

There is also the potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

(viii) Risks Inherent in the Agricultural Business

The Company's business involves the growing of medical marijuana, 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 the Company 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 production of its products and results of operations of the Company.

(ix) Restrictions on Sales and Marketing

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 the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's business, operating results or financial condition.

(x) Publicity or Consumer Perception

The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficiency and quality of the medical marijuana produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. It can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and the Company's cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's product specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

(xi) Reliance on Key Business Inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations as well as electricity, water, and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs (e.g. rising energy costs) could materially impact the business, financial condition, and operating results of the Company. Any ability to secure required supplies and services or to do so on appropriate terms could also have a materially adverse opinion impact on the business, financial condition, and operating results of the Company.

(xii) Sufficiency of Insurance

The Company maintains various types of insurance which may include product liability insurance (see “Potential Product Liability” below), errors and omission insurance, directors’, trustees’ insurance, property coverage, and, general commercial insurance. There is no assurance that claims will not exceed the limits of available coverage, that any insurer will remain solvent or willing to continue providing insurance coverage will sufficient limits or at a reasonable cost; or, that any insurer will not dispute coverage of certain claims due to ambiguities in the policies. A judgment against any member of the Company in excess of available coverage could have a material adverse effect of the Company in terms of damages awarded and the impact and reputation of the Company.

(xiii) Potential Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, the Company faces 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 Maricann 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 the Company’s products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that Maricann’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 the Company could result in increased costs, could adversely affect the Company’s reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

(xiv) Potential General Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company become involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

(xv) Potential Product recalls

Manufacturers and distributors of products are sometimes 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 Maricann's products are recalled due to an alleged product defect or for any other reason, Maricann could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Maricann 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.

Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additional if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any one of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of Maricann's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(xvi) Reliance on the Main Facility

The Company's activities and resources have been primarily focused on its main facility in Langton, Ontario and this is expected to continue for the foreseeable future. Adverse changes or developments affecting the facility could have a material adverse effect on the Company's business, financial condition and prospects.

(xvii) Management of Growth

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, that may have a material adverse effect on the Company's business, financial condition, results of operation and prospects.

Company Outlook

The Company continues to expand both revenue and production, increasing capacity to supply the growing medical market in Canada. Additionally, with the advent of recreational cannabis in Canada, as promised by the current Liberal government, the outlook for the company is bright, as one of few federally licensed producers with the capability to expand significantly on its 100 acre Langton, Ontario land package. The company expects that its new lines of products, along with expanded marketing efforts will result in 200% year on year growth again in 2017.

Critical Accounting Estimates

The Company's significant accounting policies under IFRS are contained in the Statements (refer to Note 3 to the Annual Financial Statements and Note 2 to the Interim Financial Statements). Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments, estimates and assumptions about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Changes in Accounting Policies

(i) New standards, interpretations and amendments effective for the period

The following amendments to standards were effective for annual periods beginning on or after January 1, 2016:

Amendments to IAS 1 - Financial Statement Presentation [“IAS 1”]

The IASB has published ‘Disclosure Initiative (Amendments to IAS 1). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. Adoption of these amendments did not have any impact on the Company's Interim Financial Statements.

Amendments to IAS 41 – Agriculture and IAS 16 – Property, plant and equipment [“IAS 41” and “IAS 16”]

This amendment provides guidance regarding the accounting for bearer plants by providing a definition of bearer plants and brings bearer plants within the scope of IAS 16 from IAS 41. Adoption of these amendments did not have any impact on the Company's Interim Financial Statements.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization [“IAS 16” and “IAS 38”]

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
Adoption of these amendments did not have any impact on the Company's Interim Financial Statements.

(ii) New standards, interpretations and amendments effective not yet adopted

The following new standards or amendments have been issued but are not yet effective for the three and nine months ended September 30, 2016 and accordingly, have not been adopted by the Company:

IFRS 9 Financial Instruments: Classification and Measurement ["IFRS 9"]

In July 2014, the IASB issued the final version of IFRS 9 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard, Financial Instruments: Recognition and Measurement, introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of evaluating the impact of IFRS 9 on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company is evaluating the effect that IFRS 15 will have on its financial statements, and related disclosures, as well as the transition method to apply the new standard.

IFRS 16 – Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

IAS 7 – Statement of cash flow ["IAS 7"]

IAS 7 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is in the process of evaluating the amendments to IAS 7 on the Company's financial statements.

IAS 12 – Income Taxes ["IAS 12"]

IAS 12 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect the adoption of this standard to have a significant impact on the Company's disclosures as it does not have any debt instruments that is measured at fair value.

IFRS 2 – Share based payments [IFRS 2”]

IFRS 2 has been amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a “net settlement” feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the amendments to IFRS 2 on the Company’s financial statements.

Subsequent Events

(i) On November 18, 2016, the Company completed a capital raising for $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share.

(ii) On December 15, 2016, the Company entered into a binding letter agreement (the “Letter Agreement”) with Danbel Ventures Inc. (“Danbel), for Danbel to acquire a 100% interest in Maricann which will constitute a reverse takeover of Danbel by the shareholders of the Company (the “Transaction’). Maricann intends to then apply for a concurrent listing of the Resulting Issuer’s common shares on the Canadian Stock Exchange.

At the same time, the Company completed a $22,500,000 financing by issuing 22,500 units (the “Units”), each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 (a “Debenture”) and 500 common share purchase warrants (the “Warrants). Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the resulting Issuer at an exercise price of $1.25 per share for a period of two years from the Listing Date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer’s common shares for any 20 consecutive trading days equals or exceed $1.90.

As consideration for their services, the Agent of the Transaction was issued 900,000 compensation options (the "Compensation Options"). Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the listing date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder of the warrant to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date.

(iii) On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,508,772 common shares of the Company at $2.85 per share

Internal Control over Financial Reporting

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial

statements in accordance with applicable IFRS;

- receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial instruments.

The Company's management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at September 30, 2016, the Company's internal control over financial reporting was effective.

During the three and nine months ended September 30, 2016, the Company did not make any significant changes to its internal controls over financial reporting that would have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management, including the CEO and CFO, believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

Maricann Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Year Ended December 31, 2015

MARICANN INC.

Management's Discussion and Analysis
For the Year Ended December 31, 2015

The following is the Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Maricann Inc. ("Maricann" or the "Company") for the year ended December 31, 2015, with comparatives as at December 31, 2014. Throughout this MD&A, unless otherwise specified, "Maricann", "the Company", "we", "us" or "our" refer to Maricann Inc. The Company was incorporated in Ontario and is domiciled in Canada and the Company's registered office is located at 150 8th Concession Road, Langton, Ontario.

This MD&A should be read in conjunction with the audited financial statements of the Company and notes thereto for the year ended December 31, 2015 (the "Financial Statements"). The Financial Statements have been prepared by management in accordance with generally accepted accounting principles in Canada ("GAAP"), as set out in the Chartered Professional Accountant of Canada Handbook – Accounting ("CPA Handbook") which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses incurred during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods.

All amounts in the MD&A are expressed in Canadian dollars, unless otherwise noted.

The effective date of the MD&A is March 31, 2017.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may contain "forward-looking information," within the meaning of applicable securities laws, including the "safe harbour provisions" of the Securities Act (Ontario) with respect to Maricann. Such statements include, but are not limited to, statements with respect to expectations, projections, or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward looking statements contained in this MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future cannabis pricing; cannabis production yields; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel; the regulatory requirements; the application of federal and provincial environmental laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks Factors" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties, and assumptions, the reader should not place undue reliance on these forward looking statements. The Company's forward-looking statements are made only as of the date of this MD&A, and except as required by applicable law, Maricann undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

Further Company details and filings are available at www.sedar.com.

OVERVIEW OF THE COMPANY

Company Background

Maricann Inc. is a Company incorporated under the laws of the Province of Ontario and a licensed marijuana producer under the *Access to Cannabis for Medical Purposes Regulation* (the "ACMPR"). Maricann received its first license from Health Canada under the *Marijuana for Medical Purposes Regulations* ("MMPR") on March 27, 2014 (the "License") and began production and commenced sales of medical cannabis in December 2014 and cannabis oil production and sales in May of 2016 and October of 2016, respectively. The Company received an updated license under the ACMPR on March 29, 2017 which expires on September 28, 2018. It is anticipated that Health Canada will continue to renew the License.

As of the date hereof, the License is one of 38 licenses issued by Health Canada under the ACMPR for all of Canada, and one of 23 licenses issued for Ontario. Of the 38 licenses issued for all of Canada, the License is one of 27 licenses permitted to produce and sell marijuana, one of 18 licenses permitted to produce and sell cannabis oil, and one of 5 licenses to produce and sell cannabis starting materials, including seeds and clones. Management believes that the Company benefits from a number of competitive advantages which will allow it to be strategically positioned for future developments in the industry.

Since commencing operations at its main facility located at 150 8th Concession Road, Langton, Ontario in April 2013, the Company has continued to expand production of the main facility. The Company also recently acquired 97.5 acres of property adjacent to the main facility to strategically support further expansion.

Pursuant to the License, the Company is permitted to possess, produce, sell, ship, transport, deliver and destroy dried medical marijuana, marijuana plants (including plants and seeds), cannabis resin and cannabis oil.

Company Products

The Company currently offers two main types of products: dried marijuana and cannabis oil. All of the Company's products are independently lab tested and certified before being packaged and labelled with detailed information about the levels of Tetrahydrocannabinol ("THC") and Cannabidol ("CBD") within each product.

THC is one of the cannabinoids found in the cannabis plant and is responsible for the majority of the plant's psychoactive properties. THC is the most desirable element of the plant by the majority of consumers. Studies have demonstrated that THC may have medical benefits, including analgesic properties and its tendency to increase appetite. CBD is gaining popularity as a therapeutic cannabinoid for a variety of diseases, such as autism, epilepsy, and other nerve related conditions.

Nearly all modern cannabis strains are hybridized in some form or another, traditionally cannabis has been separated into Sativa and Indica or the in-between ("hybrid") options.

(i) Dried Marijuana

Product Name	THC Content (%)	CBD Content (%)	Dominant Strain
ICANN Balanced Low 14	6.63	10.39	Hybrid
ICANN Balanced Low 168	5.57	15.66	Sativa Dominant
ICANN Balanced Low 25	6.44	9.00	Sativa Dominant
ICANN Forte 12	13.91	-	Indica Dominant
ICANN Ultra Forte 15	20.17	-	Indica Dominant
ICANN Ultra Forte 16	21.88	-	Indica Dominant
ICANN Ultra Forte 19	21.69	-	Hybrid
ICANN Ultra Forte 27	20.35	0.11	Sativa Dominant
ICANN Ultra Forte 3	20.63	-	Indica Dominant
ICANN Ultra Forte 5	17.20	-	Sativa Dominant

(ii) Cannabis Oil

Product Name	THC Content (%)	CBD Content (%)	Dominant Strain
ICANN Oil - Balanced	0.49	0.89	Hybrid
ICANN Oil - Forte	1.78 – 2.56	0.03	Hybrid
ICANN Oil - Moderate	0.32	0.97	Hybrid
ICANN Oil - Rich	0.41	2.06	Sativa Dominant

(iii) Accessories

The Company also offers a number of accessories including vaporizers, grinders and other paraphernalia.

For additional information on product offerings please visit the Company's website at www.Maricann.ca.

Company Developments

(i) Finance raising

On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,510,585 common shares of the Company at $2.85 per share.

(ii) Reverse Takeover and $22.5M Convertible Debenture Issuance

On December 15, 2016, the Company entered into a binding letter agreement (the "Letter Agreement") with Danbel Ventures Inc. ("Danbel), for Danbel to acquire a 100% interest in Maricann which will constitute a reverse takeover of Danbel by the shareholders of the Company (the "Transaction'). Maricann intends to then apply for a concurrent listing of the Resulting Issuer's common shares on the Canadian Securities Exchange ("CSE").

At the same time, the Company completed a $22,500,000 financing by issuing 22,500 units (the "Units"), each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 (a

“Debenture”) and 500 common share purchase warrants (the “Warrants). Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer’s common shares for any 20 consecutive trading days equals or exceed $1.90.

As partial consideration for their services, the Agent of the Transaction was issued 900,000 compensation options (the "Compensation Options"). Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the Listing Date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder of the warrant to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the Listing Date.

(iii) Finance Raising

On November 18, 2016, the Company completed a capital raising for $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share.

(iv) License Renewal

Effective March 29, 2017, Health Canada renewed the License to September 28, 2018 and is expected to extend the License at the end of its current term. The License currently allows the Company to, among other things, produce up to 930 kilograms (“kgs”), 352 kgs, and 30 kgs of dried marijuana, cannabis oil and cannabis resin, respectively, per year and to sell and distribute within Canada up to 930 kgs, 352 kgs, 30 kgs and 10,001 kgs of dried marijuana, cannabis oil, cannabis resin and marijuana plants respectively, per year.

(v) Common share stock split

On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and earnings per share information have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

(vi) Regulatory Changes

In 2001, the Government of Canada introduced a regulatory regime, the *Medical Marihuana Access Regulations (“MMAR”),* governing access of patients to marijuana for medical purposes. In June 2013, Health Canada replaced the MMAR with the MMPR which permitted companies to apply as a Licensed Producer of medical marijuana. On August 24, 2016, the ACMP replaced the MMPR as the governing regulations in respect of the production, sale and distribution of medical cannabis and cannabis oil. The ACMPR effectively combines the regulations and requirements of the MMPR, the Marihuana Medical Access Regulations and the section 56 exemptions relating to cannabis oil under the Controlled Drugs and Substances Act into one set of regulations. The Company’s latest license renewal was completed under the ACMPR, dated March 29, 2017.

(vii) Promissory Notes, Mortgage Facility and Commercial Term Loan and Line of Credit

During March and August, 2016, the Company entered into three separate promissory notes for the principal amounts of $420,000, $100,000, and $400,000 respectively (collectively the “Promissory Notes”). The

Promissory Notes mature on November 2, 2016 with interest being accrued a fixed rate of 10.0% per annum. The Promissory Notes include a mandatory prepayment clause requiring prepayment of the outstanding principal amount and all accrued and unpaid interest upon completion of any share subscription transaction pursuant to which the Company raises not less than $3M in equity and the Lenders per the Commercial Term Loan and the Line of Credit (see below) and the Mortgage (see below) (collectively the "Lenders") have released the Holders of the Promissory Notes of their subordination and postponement obligations in favor of the Lenders or has otherwise consented to such Mandatory Prepayment. The Company also has a prepayment option providing it with the option to repay the principal amount outstanding on the Promissory Notes without notice, bonus or penalty provided that each repayment of principal is accompanied by payment of interest accrued and unpaid. At the date of this MD&A, and in accordance with the terms, the promissory notes have been paid in full.

During February 2016, the Company entered into a $765,375, fixed rate mortgage facility (the "Mortgage") with a Canadian based lender to assist with the purchase of 138 – 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company's registered office, over which the mortgage facility is secured. Interest on the mortgage facility is accrued monthly at a one-year, fixed rate of 5.5%.

During January 2016, the Company secured a $2,000,000 commercial line of credit (the "line of credit") with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5% per annum, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty to the Company.

During January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017.

Company Outlook and Strategy

World Class Innovation and Scale

We bring experience, innovation and scale together, replicating genetically stable plants in our world-class growing facility. Working in collaboration with Evolab – a global leader in extraction technologies – we use innovative processes in producing all-natural cannabis plants and products for our North American customers. As well, our future 1 MM square foot Dresden-based facility – ideal for cannabis cultivation – gives us access to Germany's newly created and expected to expand cannabis market. Currently, Maricann is expanding its cultivation operations by constructing a 203,500 sqft. facility in Langton on its wholly owned property, allowing the company the ability to produce an additional 10,400 kg of product per year for the Canadian market.

Leveraging scale allows us to grow more for less: we're on track to meet our cost objective of less than $1. 34 per gram produced, making us among the lowest-cost producers in the country.

Growing Green with Green

Energy efficiency is at the core of everything we do. From producing on-site, natural gas co-generation electricity to gathering rainwater from our roofs, we drive energy efficiencies throughout our production processes to save time and money.

Growing under glass – through high-efficiency windows – means we harness solar energy with the full colour spectrum of the sun. This lowers our carbon footprint, while increasing our yield. We also use CO2 to heat our water and floors, and we pump CO2 back into our greenhouses where it acts as a natural booster to our growth cycle. We grow cleaner and larger plants though this method.

Being so energy efficient allows us to be a low-cost, high-quality producer in a market that rarely sees that combination.

Significant Expansion since 2013

In 2013, we acquired an established, 8,000 square foot growing operation in Langton, Ontario, an agricultural community located in one of Canada's most arable regions.

We quickly ramped up that facility in size, output and onsite security in building a 30,000 square foot, high-efficiency growing facility. We are currently expanding that to more than 200,000 square feet by the fall of 2017. This increased capacity means our sales are expected to at least double in 2018 over 2017 and prior years, and our production is expected to more than triple.

With plans to be publicly traded in 2017, MariCann is becoming one of the world's leading vertically integrated cannabis companies.

Overall Financial Performance

	For the year ended			
	Dec 31, 2015	Dec 31, 2014	Change	Change
	$	$	$	%
Revenue	1,971,810	443	1,971,367	445004%
Gross profit (loss)	498,583	(45,154)	543,737	1204%
Expenses	4,095,168	2,090,831	2,004,337	96%
Net loss and comprehensive loss	(3,596,585)	(2,135,985)	-1,460,600	68%
Basic and diluted loss per share	(0.10)	(0.08)	(0.02)	19%
Weighted average number of shares	36,612,000	25,778,860	10,833,140	42%

	As at			
	Dec 31, 2015	Dec 31, 2014	Change	Change
	$	$	$	%
Total assets	5,347,167	6,644,681	(1,297,514)	-20%
Total liabilities	5,282,976	3,224,367	2,058,609	64%

In December 2014, the Company began generating revenue from the sale of medical cannabis.

During the twelve months ended December 31, 2015, the Company focused its efforts and operational spending on the following:

- Registration of patients;
- Optimizing and Increasing production to meet the anticipated increase in product demand;
- Adding a key senior management new hire;
- Evaluating potential expansion options;
- Exploring potential partnerships and meeting with other industry experts to best understand the market; and

- Growing increased market awareness of the company and its products and approach.

SELECTED FINANCIAL INFORMATION

This section provides detailed financial information and analysis about the Company's performance for year ended December 31, 2015 compared to the year ended December 31, 2014. The selected financial information set out below may not be indicative of the Company's future performance.

Results of Operations and Supplementary Financial Information

	Dec 31, 2015	Dec 31, 2014	Change	Change
	$	$	$	%
Revenue	1,971,810	443	1,971,367	445004%
Cost of sales	2,171,965	516,672	1,655,293	320%
Unrealized gain from changes in fair value of biological assets	698,738	471,075	227,663	48%
Gross profit (loss)	498,583	(45,154)	543,737	1204%
Expenses				
General and administrative	2,772,695	1,186,107	1,586,588	134%
Sales and marketing	795,937	711,007	84,930	12%
Share-based compensation	33,599	-	33,599	100%
Depreciation	443,004	178,906	264,098	68%
Loss before interest expense	(3,546,652)	(2,121,174)	(1,425,478)	67%
Interest expense, net	49,933	14,811	35,122	237%
Net loss and comprehsnive loss	(3,596,585)	(2,135,985)	(1,460,600)	68%
Basic and diluted loss per share	(0.10)	(0.08)	(0.02)	19%
Weighted average number of shares	36,612,000	25,778,860	10,833,140	42%

		As at		
	Dec 31, 2015	Dec 31, 2014	Change	Change
	$	$	$	%
Total Assets	5,347,167	6,664,681	(1,317,514)	-20%
Total Liabilities	5,282,976	3,224,367	2,058,609	64%
Share Capital	64,191	3,420,314	(3,356,123)	-98%

		For the year ended		
	Dec 31, 2015	Dec 31, 2014	Change	Change
	$	$	$	%
Cash flows from operating activities	(2,320,531)	(2,037,653)	(282,878)	14%
Cash flows from invetsing activities	(1,317,262)	(2,809,790)	1,492,528	-53%
Cash flows from financing activities	3,595,885	4,629,785	(1,033,900)	-22%
Capital expenditures	(1,747,144)	(2,809,790)	1,062,646	-38%

Review of Operations for the Years ended December 31, 2015 and 2014

<u>Revenues</u>

Revenues for the twelve months ended December 31, 2015 were $1,971,810 as compared to $443 in the same period of 2014. Revenue consisted solely of the sale of dried medical cannabis. Total product sold for the period was 315 kilograms (90 grams in 2014) at an average selling price of $6.57 per gram. The Company received its license from Health Canada to sell medical cannabis under the MMPR on December 12, 2014 and generated its first product sale on December 22, 2014. Maricann's strains were priced between $4.50 and $14 per gram, depending on the strain, with compassionate pricing set at a 20% discount off of the listed price. There was no revenue prior to December 2014.

Net cost of sales

Included in net cost of sales are the net change in fair value of biological assets, inventory expensed and production costs. Biological assets consist of cannabis plants at various pre-harvest stages of growth which are recorded at fair value less costs to sell at the point of harvest. Cost to sell include shipping, processing and sales related costs. At harvest, the biological assets are transferred to inventory at their fair value which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold. Direct production costs are expensed through cost of sales. Net cost of sales for the period ended December 31, 2015 and 2014 were $1,473,227 and $45,597, respectively, and includes a recovery relating to the unrealized gain on changes in the fair value of biological assets of $698,738 and $471,075 during those same respective periods.

We expect net cost of sales to vary from year to year based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the year.

Gross profit

Gross profit was $498,583 for the year ended December 31, 2015 while the gross loss was $45,154 for the year ended December 31, 2014. This was primarily due to the initial build-up of plants in production as the Company focuses its efforts on increasing product inventories and strains available for its growing number of registered patients. As at December 31, 2015, Maricann had over 1,767 registered patients since its first product sale less than 13 months earlier. During the prior period, the Company generated nominal revenue from operations as the Company had only just commenced sales of medical cannabis.

Expenses

General and administrative

General and administrative expenses were $2,772,695 and $1,186,107 for the year ended December 31, 2015 and 2014 respectively. The increase year over year represents the company's efforts to bring more labour and talent into the company, increased travel, increased maintenance costs as well as other overhead associated with the growth including contactors, professional fees and increased site security.

Sales and marketing

Sales and Marketing expenses increased to $795,937 for the year ended December 31, 2015 from $711,007 the prior year. Sales and marketing expenses consisted mainly of promotional material costs, shipping expenses and the costs associated with the hiring of a full time medical director.

Share-based compensation

Share based compensation of $33,599 (2014: $nil) related primarily to a stock options granted in the year to a few key employees and critical and strategic partner.

Depreciation

Depreciation expense was $443,004 for the year ended December 31, 2015 compared to $178,906 during the same period in 2014. The increase was the result of the addition of new greenhouse space and increased capacity in the processing facility.

Net Loss and comprehensive loss

Net loss and comprehensive loss were $3,596,585 and $2,135,985 for the years ended December 31, 2015 and 2014 respectively. Given that we are a start-up company in a growth phase, it was expected that it would not generate net income in its early years. The need to invest in both human capital as well as having higher operations costs in keeping pace with the quickly growing revenues has been essential to ensure that the current and, potentially more importantly, future market opportunity can be capitalized upon.

Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted loss per share excludes un-issued common shares related to stock options as they are anti-dilutive. Basic and diluted loss per share for the year ended December 31, 2015 was $0.10 per share as compared to $0.08 per share for the year ended December 31, 2014.

Total Assets

Total assets decreased to $5,347,167 as at December 31, 2015 from $6,664,681 as at December 31, 2014. The decrease is the result of a number of offsetting elements. Property, plant and equipment increased 54% from $2,775,091 to $4,278,740. The majority of this increase related to upgrades/expansion to the growing and processing facilities. This was offset by the fact that a large receivable of $3,163,955, relating to share subscriptions, was collected and that cash used to support operations and expansion.

Total Liabilities

Total liabilities as at December 31, 2015 were $5,282,976 as compared to $3,224,367 as at December 31, 204. This increase relates to an increase in the loan balance as well as an increase in accounts payable, both attributable to the substantial operational and capital costs associated with growing the company's capacity and operational workforce

Liquidity and Capital Resources

For the year ended December 31, 2015, the Company generated revenues of $1,971,810 from operations and has financed its operations and met its capital requirements primarily through shareholder debt and equity financings. The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. During the year, the Company completed collected equity subscription funding of $3,163,955 as well as additional shareholder loans of $450,000 to meet its current and anticipated future obligations.

As at December 31, 2015, the Company had a working capital deficiency of $4,127,220 compared to a working capital surplus of $645,223 at December 31, 2014. The decrease in working capital of $4,772,443 was primarily attributable to the collection and subsequent use of the funds provided by the subscriptions, an increase in the shareholder loans and accounts payable relating to the first full year of operations including sales.

Subsequent to December 31, 2015, the Company has significantly strengthened its balance sheet and liquidity position with over $35 million in new financings as further described in "Company Developments" above. The Company anticipates that it has sufficient liquidity and capital resources to meet all its planned expenditures for the next twelve months.

Operating Activities
For the year ended December 31, 2015, cash flow used in operating activities was $2,320,531 compared to $2,037,653 for the year ended December 31, 2014. While fairly consistent with the prior year, the increase in cash flow used in operations of $282,878 was due to a number of partially offsetting items including, most notably, an increase in the net loss from operations of $1,460,600 offset by increases in non-cash items of $587,154 (largest contributor being unrealized gain from changes in fair value of biological assets offset by share based compensation to non-employees and depreciation). The increase in the net loss and non-cash items was also offset by the increase in changes in non-cash working capital of $1,607,545 when compared to the prior year.

Investing Activities
For the year ended December 31, 2015, the Company had used cash of $1,317,262 related to investing activities as compared to $2,809,790 for the year ended December 31, 2014. Investing activities during the year relate to building and other facility upgrade and the purchase of production equipment, computers and furniture. Investing activities during the prior year were related primarily to building and facility upgrades.

Financing Activities
Cash flows provided by financing activities for the year ended December 31, 2015 were $3,595,885 compared to $4,629,785 for the year ended December 31, 2014. During the year, the Company raised aggregate cash proceeds of $4,363,955 as follows:

• Private placement of units for net proceeds of $3,163,955; and
• Shareholder loans of $1,200,000 in Q3 and Q4
This was offset by a repayment of $750,000 of shareholder loans in Q1 2015

See a full disclosure on these financings under “Company Developments”

Share Capital
The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Common Share Stock split
On December 7, 2016, the Directors of the Company authorized a 305.1:1 stock split of its common stock. All share, option and earnings per share information in this MD&A have been retroactively adjusted to reflect the increase in the number of common shares and options from the stock split.

<u>Capital Expenditures</u>

The company has been taking a phased approach to capital expansion since January 2015. Expenditures have been managed based on the available cash resources. During 2015, two new greenhouses were built along with critical and efficiency based upgrades to the existing growing and processing facilities. Additional upgrades were also completed during Q3 & Q4 2016. The company embarked on its most substantial facility expansion to date in December 2016. With an expected completion date in Q4 2017, an additional approximately 202,000 square feet of growing and processing space will complement the current footprint. This facility is expected to have a capacity of approximately 10,000,000 grams (10,000 kgs) when complete and fully operational.

Commitments and Contingent Liabilities

Contingent Liabilities

The Company recognizes loss contingency provisions for probable losses when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the minimum amount is recorded. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

As at December 31, 2015 and 2014, the Company has not recognized any contingent liabilities.

Commitments

The Company has production facilities under operating lease arrangements until fiscal 2018. The Company has the right under the lease arrangement to extend the leases by another five years. The following table presents the minimum payments due over the next four years until the termination of the leasing arrangement.

	$
2016	75,000
2017	75,000
2018	62,500
	212,500

Off-Balance Sheet Arrangements

Maricann has no off-balance sheet arrangements except for the commitments shown above.

Transactions with Related Parties

Until termination of the arrangement in 2015, an executive of the Company had been providing labour to the Company through an affiliated company. The amount expensed for the year ended December 31, 2015 was $NIL [2014 – $478,993, period ended 2013 - $52,994]. As at December 31, 2015, the amount owed to this affiliated company was $NIL [2014 – $12,656].

Other than the above, the Company had no further transactions with related parties except those pertaining to transactions with key management personnel in the ordinary course of their employment or directorship.

Risk Factors

The Company has implemented Risk Management Governance Processes that are led by the Board of Directors, with the active participation of management, and updates its assessment of its business risks on an annual basis. Notwithstanding, it is possible that the Company may not be able to foresee all of the risks that it may have to face. The market in which Maricann currently competes is complex, competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in forward looking statements. Readers of this MD&A should not rely upon forward looking statements as a prediction of future results.

The following risk factors have been identified by Management:

Financial Risk Factors

The Company is exposed to credit risk through its cash and cash equivalents. The Company is exposed to liquidity risk in meetings is contractual obligations associated with financial liabilities as they become due.

Refer to the notes to the financial statements for more information on the impact of financial risks.

Other Risk Factors

(i) General Business Risk and Liability

Given the nature of the Company’s business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors’ funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company’s right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

(ii) Regulation of the Marijuana Industry

The business and activities of the Company are heavily regulated in all jurisdictions where it carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of medical marijuana and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

(iii) Changes in Laws, Regulations and Other Guidelines

The Company’s operations are subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. While the Company is currently in compliance with all such laws, regulations and guidelines, any changes due to matters on such laws and regulations beyond the control of the Company could have a material adverse effect on the business, results of operations and financial condition of the Company.

(iv) Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(v) Reliance on License Renewal

The Company's business is dependent on the License from Health Canada and the need to maintain the License in good standing. 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 the Company. The license was renewed March 29, 2017 and expires September 28, 2018. Although management believes it will meet the requirements of the ACMPR annually for extension of the License, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it 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 or not allow for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected.

(vi) Dependence on Senior Management

The success of the Company is dependent upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient members of qualified senior management personnel could adversely affect its business. This risk is partially mitigated by the fact that the senior management team are significant shareholders in the Company. As well, implementation of employee compensation packages composed of monetary short-term compensation and long-term stock based compensation has been designed, in part, for the retention of senior management personnel.

(vii) Competition in the Industry

There is potential that the Company 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 Company. Because of the early stage of the industry in which Maricann operates, the Company expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

There is also the potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

(viii) Risks Inherent in the Agricultural Business

The Company's business involves the growing of medical marijuana, 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 the Company 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 production of its products and results of operations of the Company.

(ix) Restrictions on Sales and Marketing

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 the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's business, operating results or financial condition.

(x) Publicity or Consumer Perception

The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficiency and quality of the medical marijuana produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There is no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and the Company's cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's product specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

(xi) Reliance on Key Business Inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations as well as electricity, water, and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs (e. g. rising energy costs) could materially impact the business, financial condition, and operating results of the Company. Any ability to secure required supplies and services or to do so on appropriate terms could also have a materially adverse opinion impact on the business, financial condition, and operating results of the Company.

(xii) *Sufficiency of Insurance*

The Company maintains various types of insurance which may include product liability insurance (see "Potential Product Liability" below), errors and omission insurance, directors', trustees' insurance, property coverage, and, general commercial insurance. There is no assurance that claims will not exceed the limits of available coverage, that any insurer will remain solvent or willing to continue providing insurance coverage will sufficient limits or at a reasonable cost; or, that any insurer will not dispute coverage of certain claims due to ambiguities in the policies. A judgment against any member of the Company in excess of available coverage could have a material adverse effect of the Company in terms of damages awarded and the impact and reputation of the Company.

(xiii) *Potential Product Liability*

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, the Company faces 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 Maricann 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 the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that Maricann'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 the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

(xiv) *Potential General Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company become involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

(xv) *Potential Product recalls*

Manufacturers and distributors of products are sometimes 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 Maricann's products are recalled due to an alleged product defect or for any other reason, Maricann could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Maricann 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.

Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additional if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any one of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of Maricann's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(xvi) Reliance on the Main Facility

The Company's activities and resources have been primarily focused on its main facility in Langton, Ontario and this is expected to continue for the foreseeable future. Adverse changes or developments affecting the facility could have a material adverse effect on the Company's business, financial condition and prospects.

(xvii) Management of Growth

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, that may have a material adverse effect on the Company's business, financial condition, results of operation and prospects.

Company Outlook

The Company continues to expand both revenue and production, increasing capacity to supply the growing medical market in Canada. Additionally, with the advent of recreational cannabis in Canada, as promised by the current Liberal government, the outlook for the company is bright, as one of few federally licensed producers with the capability to expand significantly on its 100 acre Langton, Ontario land package. The company expects that its new lines of products, along with expanded marketing efforts will result in 100% year on year growth again in 2017.

Critical Accounting Estimates

The Company's significant accounting policies under IFRS are contained in the Financial Statements (refer to Note 3). Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments, estimates and assumptions about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Changes in Accounting Policies

(i) New standards, interpretations and amendments effective for the period

The following amendments to standards were effective for annual periods beginning on or after January 1, 2015:

Amendments to IAS 41 – Agriculture and IAS 16 – Property, plant and equipment ["IAS 41" and "IAS 16"]

This amendment provides guidance regarding the accounting for bearer plants by providing a definition of bearer plants and brings bearer plants within the scope of IAS 16 from IAS 41. The amendment is effective for annual reporting periods beginning on or after January 1, 2016, and must be applied retrospectively. The

Company early adopted the amendments to IAS 41 and IAS 16 and the adoption of these amendments did not have any impact on the Company's statement of financial position or statement of net loss and comprehensive loss.

IFRS 8 - Operating Segments ["IFRS 8"]

This standard has been amended to require [i] disclosure of judgments made by a company's management in aggregating segments, and [ii] a reconciliation of segment assets to the entity's assets when segments are reported. These amendments became effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments to IFRS 8 did not have any impact on the disclosures of the Company.

(ii) New standards, interpretations and amendments effective not yet adopted

The following new standards or amendments have been issued but are not yet effective for the year ended December 31, 2015 and accordingly, have not been adopted by the Company:

IFRS 9 Financial Instruments: Classification and Measurement ["IFRS 9"]

In July 2014, the IASB issued the final version of IFRS 9 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard, Financial Instruments: Recognition and Measurement, introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of evaluating the impact of IFRS 9 on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company is evaluating the effect that IFRS 15 will have on its financial statements, and related disclosures, as well as the transition method to apply the new standard.

IFRS 16 – Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

Amendments to IAS 1 - Financial Statement Presentation [“IAS 1”]

The IASB has published ‘Disclosure Initiative [Amendments to IAS 1]. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. Adoption of these amendments is not expected to have any impact on the Company’s financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization [“IAS 16” and “IAS 38”]

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business [of which the asset is part] rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the financial statements of the Company as the Company has not used a revenue-based method to depreciate its non-current assets.

IAS 7 – Statement of cash flow [“IAS 7”]

IAS 7 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is in the process of evaluating the amendments to IAS 7 on the Company’s financial statements.

IAS 12 – Income Taxes [“IAS 12”]

IAS 12 has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect the adoption of this standard to have a significant impact on the Company’s disclosures as it does not have any debt instruments that is measured at fair value.

IFRS 2 – Share based payments [IFRS 2”]

IFRS 2 has been amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a “net settlement” feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the amendments to IFRS 2 on the Company’s financial statements.

Subsequent Events

(i) In January 2016, the Company secured a $2,000,000 commercial term loan with a Canadian based lender for a term of one year. The commercial term loan is subject to an interest rate of 5.5% per annum and matures on January 15, 2017. On February 3, 2017, the commercial term loan was extend at a fixed interest rate of 6% for a period of 5 years maturing on January 15, 2022.

(ii) In January 2016, the Company secured a $2,000,000 commercial line of credit with a Canadian based lender for a term of one year. Interest is accrued on the daily closing balance outstanding on the line of credit calculated at 5.5%, being the lenders base lending rate minus 0.75%, and is payable monthly. The line of credit may be repaid in whole or part at any time without penalty. On February 3, 2017, the commercial line of credit was extend at on terms consistent with the original agreement.

(iii) In February 2016, the Company entered into a $765,375 fixed rate mortgage facility [the “Mortgage”] with a Canadian based lender to assist with the purchase of 138 8th Concession Road, Langton, Ontario being a 97.5 acre parcel of land located adjacent to the Company’s registered office over which the mortgage facility is secured. Interest on the mortgage facility is accrued monthly at a one-year, fixed rate of 5.5%. On February 3, 2017, the commercial line of credit was extend on terms consistent with the original agreement for a period of one year.

(iv) On November 18, 2016, the Company completed a capital raising for $3,148,704 by issuing 4,618,604 common shares of the Company at $0.68 per share.

(v) On December 15, 2016, the Company entered into a binding letter agreement (the “Letter Agreement”) with Danbel Ventures Inc. (“Danbel), for Danbel to acquire a 100% interest in Maricann which will constitute a reverse takeover of Danbel by the shareholders of the Company (the “Transaction’). Maricann intends to then apply for a concurrent listing of the Resulting Issuer’s common shares on the Canadian Securities Exchange.

At the same time, the Company completed a $22,500,000 financing by issuing 22,500 units (the “Units”), each Unit comprised of one senior unsecured convertible debenture with a principle amount of $1,000 (a “Debenture”) and 500 common share purchase warrants (the “Warrants). Immediately prior to the completion of the Transaction, the principal amount of the Debentures will be converted into common shares of the Company at a conversion price of $1.00 per share and be exchanged for common shares of the Resulting Issuer pursuant to the Transaction. The Warrants will similarly be exchanged pursuant to the Transaction or will otherwise be exercisable into common shares of the resulting Issuer at an exercise price of $1.25 per share for a period of two years from the Listing Date, subject to an accelerated expiry in the event that the volume weighted average price of the Resulting Issuer’s common shares for any 20 consecutive trading days equals or exceed $1.90.

As partial consideration for their services, the Agent of the Transaction was issued 900,000 compensation options (the "Compensation Options"). Each Compensation Option will be exchanged pursuant to the Transaction or will otherwise be exercisable to purchase one unit of the Resulting Issuer at an exercise price of $1.00 for a period of two years from the listing date. Each unit will be comprised of one common share and one common share purchase warrant of the Resulting Issuer, with each warrant entitling the holder of the warrant to acquire one common share of the Resulting Issuer at an exercise price of $1.25 per share for a period of two years from the listing date.

(vi) On March 3, 2017, the Company completed a raise of $10,000,000 by issuing 3,510,585 common shares of the Company at $2.85 per share

Internal Control over Financial Reporting

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial

statements in accordance with applicable IFRS;

- receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial instruments.

The Company's management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at December 31, 2015, the Company's internal control over financial reporting was effective.

During the year ended December 31, 2015, the Company did not make any significant changes to its internal controls over financial reporting that would have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management, including the CEO and CFO, believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

CERTIFICATE OF MARICANN GROUP INC.

The foregoing contains full, true and plain disclosure of all material information relating to Maricann Group Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, this 20th day of April, 2017.

Ben Ward Chairman		Jeremy Blumer Chief Financial Officer

ON BEHALF OF THE BOARD OF MARICANN GROUP INC.

Julian Neil Tabatznik Chairman		Eric Silver Director

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