

**GROWPROS CANNABIS VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS**

Three months ended February 28, 2015

**Notice of no review or audit**

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review or audit of these condensed consolidated interim financial statements.

## **Management's Responsibility for the condensed consolidated interim financial statements**

The accompanying financial statements of Grow Pros MMP Inc. (the "Company") are the responsibility of management and the Board of Directors.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)  
Ryan Brown  
Chief Executive Officer

(signed)  
Sabino Di Paola  
Chief Financial Officer

Ottawa, Canada  
April 27, 2015

**GrowPros Cannabis Ventures Inc.**Condensed Consolidated Interim Statement of Financial Position  
(Expressed in Canadian dollars)

As at	February 28, 2015	November 30, 2014
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	118,702	35,642
Accounts receivable	37,270	9,396
Prepaid expenses (note 6)	57,218	17,215
	<b>213,190</b>	<b>62,253</b>
Non-current assets		
Deferred building costs (note 7)	12,924	12,924
Deposit on land (note 8)	15,000	15,000
<b>Total assets</b>	<b>241,114</b>	<b>90,177</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	226,768	93,529
Loan payable (note 9)	-	5,017
	<b>226,768</b>	<b>98,546</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 10)	602,881	317,334
Warrants (note 11)	50,316	38,145
Contributed surplus	2,011	-
Accumulated deficit	(640,862)	(363,848)
<b>Total shareholders' equity</b>	<b>14,346</b>	<b>(8,369)</b>
<b>Total liabilities and shareholders' equity</b>	<b>241,114</b>	<b>90,177</b>

Commitments (note 21)  
Events after the reporting period (note 22)  
Going concern (note 2)*The accompanying notes are an integral part of these financial statements.*

**GrowPros Cannabis Ventures Inc.**

Condensed Consolidated Interim Statement of Comprehensive Loss  
(Expressed in Canadian dollars)

	For the three months ended February 28, 2015
	\$
Operating expenses	
Management fees (note 16)	24,572
Travel and promotion expense	45,421
Professional fees	58,359
Exchange and regulatory fees	22,692
Listing expense (note 13)	116,961
General and administrative expense	11,535
	<u>279,540</u>
Other income	
Other income	(2,518)
Foreign exchange gain	(8)
	<u>(2,526)</u>
Net loss and total comprehensive loss	<u>277,014</u>
Basic and diluted loss per common share (note 14)	<u>(0.01)</u>
Basic and diluted weighted average number of common shares outstanding	<u>47,511,140</u>

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

**GrowPros Cannabis Ventures Inc.**

## Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

*(Expressed in Canadian dollars)*

	Share Capital		Warrants	Contributed Surplus	Accumulated Deficit	Total
	# of shares	\$	\$	\$	\$	\$
<b>Balance, March 12, 2014</b>	-	-	-	-	-	-
Shares issued on incorporation	100	1	-	-	-	1
Shares and warrants issued for cash	8,000,000	161,855	38,145	-	-	200,000
Shares issued for exercised warrants	300,000	9,977	(2,477)	-	-	7,500
Share issue costs	-	(2,224)	-	-	-	(2,224)
Shares issued for consulting services	1,000,000	100	-	-	-	100
Shares issued for settlement of payables	6,000,000	150,000	-	-	-	150,000
Issuance of broker warrants	-	(2,477)	2,477	-	-	-
Issuance of stock options	-	-	-	100	-	100
Exercise of stock options	10,000,000	102	-	(100)	-	2
Transactions with owners	25,300,100	317,334	38,145	-	-	355,479
Net loss	-	-	-	-	(363,848)	(363,848)
<b>Balance, November 30, 2014</b>	<b>25,300,100</b>	<b>317,334</b>	<b>38,145</b>	<b>-</b>	<b>(363,848)</b>	<b>(8,369)</b>
Shares issued for acquisition of Mazorro Resources Inc.	32,770,387	285,547	-	-	-	285,547
Options issued for acquisition of Mazorro Resources Inc.	-	-	-	616	-	616
Agent options issued for acquisition of Mazorro Resources Inc.	-	-	-	1,395	-	1,395
Warrants issued for acquisition of Mazorro Resources Inc.	-	-	12,171	-	-	12,171
Transactions with owners	58,070,487	602,881	50,316	2,011	(363,848)	291,360
Net loss	-	-	-	-	(277,014)	(277,014)
<b>Balance, February 28, 2015</b>	<b>58,070,487</b>	<b>602,881</b>	<b>50,316</b>	<b>2,011</b>	<b>(640,862)</b>	<b>14,346</b>

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

**GrowPros Cannabis Ventures Inc.**

Condensed Consolidated Interim Statement of Cash Flows  
(Expressed in Canadian dollars)

For the three months  
ended February 28,  
2015

	\$
<b>OPERATING ACTIVITIES</b>	
Net loss for the period	(277,014)
Adjustments for:	
Listing expense	116,961
Changes in working capital items (note 15)	40,553
<b>Net cash used in operating activities</b>	<b>(119,500)</b>
<b>INVESTING ACTIVITIES</b>	
Cash realized on acquisition of subsidiaries	207,577
Elimination of the loan from Mazorro Resources Inc. upon consolidation	(5,017)
Deposit on land	-
<b>Net cash provided by investing activities</b>	<b>202,560</b>
Increase in cash	83,060
Cash, beginning of the period	35,642
<b>Cash, end of the period</b>	<b>118,702</b>

*Supplemental cash flow information is provided in Note 15*

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

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 1. Nature of operations

GrowPros Cannabis Ventures Inc. ("GrowPros" or the "Company"), was incorporated under the name Mazorro Resources Inc. ("Mazorro") under the Canada Business Corporations Act on May 17, 2007. On December 29, 2014, Grow Pros MMP Inc. completed an amalgamation agreement with Mazorro and 9048073 Canada Inc., a newly-incorporated subsidiary of Mazorro, in order to effect the November 1, 2014 definitive agreement. Legally, Mazorro is the parent of GrowPros MMP; however, as a result of the share exchange, control of the combined companies passed to the former shareholders of Mazorro, which for accounting purposes is deemed to be the acquirer. For financial reporting purposes the transaction has been accounted for under IFRS 2 Share Based Payment and therefore the financial statements have been prepared as a continuation of GrowPros MMP.

As part of the amalgamation agreement Mazorro changed its name to GrowPros Cannabis Venture Inc. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "GCI".

The principal business of the Company is that of a medical marijuana consultation and acquisition firm that is pursuing a license as a producer of medical marijuana in Canada pursuant to Health Canada's Marijuana for Medical Purposes Regulations ("MMPR"). The Company's head office is located at 99-5460 Canotek Road, Ottawa, Ontario, K1J 9G9.

### 2. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has not yet determined whether it will be awarded a license to produce medical marijuana from the Canadian Government and has not generated any income or cash flows from its operations from inception to date. The Company has a deficit of \$640,862 as at February 28, 2015 (November 30, 2014 - \$363,848).

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

As at February 28, 2015, the Company had working capital deficit of \$13,578 (November 30, 2014 - \$36,293), including \$118,702 (November 30, 2014 - \$35,642) in cash and current liabilities totalling \$226,768 (November 30, 2014 - \$98,546). The Company must secure additional funding to be able to fund its ongoing working capital requirements and to continue its process for application to obtain a license to produce medical marijuana. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern, including the acquisition by Mazorro. Nevertheless, there is no assurance that these initiatives will be successful. Therefore due to the losses incurred and insufficient working capital, there remains significant doubt regarding the Company's ability to continue as a going concern.

The carrying amount of assets, liabilities and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 3. Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of February 28, 2015. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent audited financial statements as at and for the period ended November 30, 2014. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2015 could result in restatement of these unaudited condensed consolidated interim financial statements.

The preparation of the condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 27, 2015.

### 4. Significant accounting policies

#### (a) *Basis of presentation and measurement*

These condensed consolidated interim financial statements have been prepared on a historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of comprehensive loss are presented by nature.

As a result of the company being incorporated in March 2014, there are no comparative figures for the three months ended February 28, 2015 for the condensed consolidated interim statement of comprehensive loss and the condensed consolidated interim statement of cash flows.

#### (b) *Functional currency*

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

#### (c) *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. GrowPros Cannabis Ventures Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.



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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 4. Significant accounting policies (continued)

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

An associate is an entity in which the Company or its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at February 28, 2015, and November 30, 2014, the Company did not have any associates.

The subsidiaries of the Company at February 28, 2015, and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Grow Pros MMP Inc.	Canada	100%	Medical Marijuana
Minera Mazorro, S. de R.L. de C.V.	Mexico	100%	Inactive

#### (d) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

#### (k) Standards, amendments and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement and has not yet determined the impact of these new standards and amendments on its financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 4. Significant accounting policies (continued)

#### IAS 16 Property, Plant and Equipment and IAS 41 Agriculture

Amendments to these standards means that IAS 16 rather than IAS 41 will include bearer plants within its scope, allowing such assets to be accounted for as property, plant and equipment and measured upon initial recognition on a cost or revaluation basis in accordance with IAS 16. IAS 16 will introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, and is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Produce growing on bearer plants remains within the scope of IAS 41. The amendments to IAS 16 and IAS 41 are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the Performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2017.

#### IFRS 9 Financial Instruments

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any changes in its fair value due to changes in the entities own credit risk in other comprehensive income, rather than within profit and loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is in effect for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

### 5. Critical accounting estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 5. Critical accounting estimates (continued)

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements.

#### Estimates

- the estimated useful lives and residual value of deferred building costs relating to the construction of the Company's building;
- the estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model;
- determining whether facts and circumstances suggest that the carrying amount of deferred building costs may exceed their recoverable amount. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.
- When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash generating units must be estimated.
- Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgments. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

#### Judgements

- the assessment of the Company's ability to execute its strategy by funding future working capital requirements. Further information regarding going concern is outlined in note 2.
- By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### 6. Prepaid expenses

	February 28, 2015	November 30, 2014
	\$	\$
Prepaid expenditures	8,468	8,465
Prepaid promotion	48,750	8,750
Total	<u>57,218</u>	<u>17,215</u>

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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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#### 7. Deferred building costs

	February 28, 2015	November 30, 2014
	\$	\$
Deferred building costs	<u>12,924</u>	<u>12,924</u>

As at February 28, 2015, the Company had deferred \$12,924 (November 30, 2014 - \$12,924) of building costs for the design of the future production facility. These costs have been capitalized and will be depreciated once the building is completed and ready for its intended use. The building is expected to be completed in conjunction with the Company being granted a Health Canada License to produce medical marijuana.

#### 8. Deposit on land

	February 28, 2015	November 30, 2014
	\$	\$
Deposit on land	<u>15,000</u>	<u>15,000</u>

As at February 28, 2015, the Company had made land deposit payments totaling \$15,000 (November 30, 2014 - \$15,000) relating to a purchase agreement for a total of \$180,000 to acquire land in the municipality of Low, Quebec for construction of a production facility. As part of the agreement, the Company provided a \$15,000 non-refundable deposit and has until March 15, 2015 to make the remaining payment of \$165,000. The Company is currently looking to extend the payment date for the balance of the land purchase.

#### 9. Loan payable

	February 28, 2015	November 30, 2014
	\$	\$
Unsecured non-convertible loan with Mazorro	-	5,000
Interest payable to Mazorro	-	17
Total	<u>-</u>	<u>5,017</u>

Pursuant to the amalgamation agreement which was completed on December 29, 2014, between Mazorro and Grow Pros MMP Inc. the loan balance and interest payable commencing December 29, 2014, became a related party balance and transactions and are eliminated on consolidation.

#### 10. Share capital

Authorized: the authorized share capital consists of an unlimited number of each of the following classes of shares: Class A Common shares, Class B Common shares, Class C Common shares, Class A Special shares, Class B Special shares, Class C Special shares, Class D Special shares and Class E Special shares, each with no par value.

Currently, there are only Class A Common shares issued and outstanding (the "common shares").

##### 2015 Fiscal year issuances

In December 2015, the Company issued 32,770,387 common shares with an assigned value of \$0.02 per share to the former shareholders of Mazorro Resources Inc. under the terms of the amalgamation agreement for total deemed consideration of \$ 285,547. The Company also issued 7,463,000 warrants, 1,225,000 stock options, and 501,300 compensation options as part of the purchase of Mazorro. Refer to note 13 for more information.

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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### 10. Share capital (continued)

#### 2014 Fiscal year issuances

The Company issued 100 common shares on its formation on March 12, 2014, for cash consideration of \$1.

On March 31, 2014, the Company issued 1,000,000 common shares to advisors of the Company under a finders' fee agreement for their assistance in helping the Company secure key personnel. The shares had an estimated fair value of \$100.

On April 22, 2014, the Company completed a non-brokered private placement of 8,000,000 units at a price of \$0.025 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.05 until October 22, 2015. The Company paid cash finders' fees of \$2,224 in association with the placement. 300,000 finders' fee warrants were issued in connection with the placement. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.025 until October 22, 2015.

On August 29, 2014, the Company settled \$150,000 of accounts payable to various creditors with the issuance of 6,000,000 common shares. The shares had an estimated fair value of \$0.025 per share.

On November 18, 2014, the 300,000 finders' fee warrants in connection with the April 22, 2014, private placement were exercised for gross proceeds of \$7,500.

During the period, the Company issued 10,000,000 common shares to officers of the Company upon the exercise their stock options for gross proceeds of \$2.

### 11. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Amount	Weighted average exercise price
		\$	\$
<b>Outstanding, March 12, 2014</b>	-	-	<b>0.00</b>
Issued	8,000,000	38,145	0.05
Issued	300,000	7,500	0.025
Exercised	(300,000)	(7,500)	0.025
<b>Outstanding, November 30, 2014</b>	<b>8,000,000</b>	<b>38,145</b>	<b>0.05</b>
Issued to acquire Mazorro Resources Inc.	1,750,000	2,854	0.20
Issued to acquire Mazorro Resources Inc.	200,000	326	0.20
Issued to acquire Mazorro Resources Inc.	500,000	815	0.20
Issued to acquire Mazorro Resources Inc.	5,013,000	8,176	0.15
<b>Outstanding, February 28, 2015</b>	<b>15,463,000</b>	<b>50,316</b>	<b>0.11</b>

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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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#### 11. Warrants (continued)

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Number of warrants	Carrying Value	Exercise price	Expiry date
	\$	\$	
8,000,000	38,145	0.05	October 22, 2015
1,750,000	2,854	0.20	October 3, 2015
200,000	326	0.20	October 9, 2015
500,000	815	0.20	December 12, 2015
5,013,000	8,176	0.15	September 29, 2016
<b>15,463,000</b>	<b>50,316</b>		

The weighted average fair value of each warrant issued during the three months ended February 28, 2015 of \$0.0016 is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

Average share price at date of grant	\$0.02
Expected dividend yield	0.00%
Expected share price volatility	100%
Risk-free interest rate	1.09%
Expected life of warrants	1.77 years
Average exercise price at date of grant	\$0.17

#### 12. Stock options

The following table shows the continuity of options:

	Number of warrants	Amount	Weighted average exercise price
		\$	\$
<b>Outstanding, March 12, 2014</b>	-	-	<b>0.00</b>
Granted	10,000,000	100	0.00
Exercised	(10,000,000)	(100)	0.00
<b>Outstanding, November 30, 2014</b>	-	-	<b>0.00</b>
Granted to acquire Mazorro Resources Inc.	125,000	63	0.20
Granted to acquire Mazorro Resources Inc.	125,000	63	0.20
Granted to acquire Mazorro Resources Inc.	750,000	377	0.32
Granted to acquire Mazorro Resources Inc.	225,000	113	0.32
<b>Outstanding, February 28, 2015</b>	<b>1,225,000</b>	<b>616</b>	<b>0.30</b>

#### 2015 stock option activity

In December 2015, the Company issued 1,225,000 stock options with an assigned value of \$0.0005 per option to the former shareholders of Mazorro Resources Inc. under the terms of the amalgamation agreement for total deemed consideration of \$ 616. Refer to note 13 for more information.

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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

February 28, 2015

(Expressed in Canadian Dollars)

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#### 12. Stock options (continued)

The weighted average fair value of each option granted during the period ended February 28, 2015 of \$616 is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

Average share price at date of grant	\$0.02
Expected dividend yield	0.00%
Expected share price volatility	100%
Risk-free interest rate	1.09%
Expected life of options	1.58 years
Average exercise price at date of grant	\$0.30

#### 2014 stock option activity

During the period ended November 30, 2014 the Company expensed \$100 in share based payments.

- (i) On March 31, 2014, officers of the Company were granted 10,000,000 stock options as part of their compensation. The stock options entitled them to acquire up to 10,000,000 common shares in the capital of the Company for a total exercise price and consideration of \$2. The initial grant vested immediately and the stock options were exercised on the same day.

The weighted average fair value of each option granted during the period ended November 30, 2014 of \$NIL is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

Average share price at date of grant	\$0.00
Expected dividend yield	0.00%
Expected share price volatility	100%
Risk-free interest rate	1.25%
Expected life of options	6 months
Average exercise price at date of grant	\$0.00

Amounts recorded in share based payment reserve in shareholders' equity relate to the grant date fair value of stock options.

#### Compensation options

The Company provided 501,300 compensation options in connection with the acquisition of Mazorro. These compensation options are exercisable for units at \$0.10 per share on or before September 29, 2016. These compensation options were recorded at a value of \$1,395 (per option fair value of \$0.0028) which was estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of compensation options are as follows: dividend yield of nil, expected volatility 100%, risk-free interest rate of 1.09% and an expected life of the options of 21 months. The weighted average market price of the Company's common shares at the time of issue was \$0.02.

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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 13. Acquisition of Mazorro Resources Inc.

On December 29, 2014, Grow Pros MMP Inc. through an amalgamation agreement acquired the shares of Mazorro Resources Inc. a public company under the laws of Canada from its shareholders, through the issuance of 32,770,387 common shares, 1,225,000 stock options, 501,300 agent options and 7,463,000 warrants. Mazorro Resources Inc. owned 100% of Minera Mazorro, S. de R.L. de C.V., a private corporation registered under the laws of Mexico.

Legally, Mazorro is the parent of Grow Pros MMP Inc.; however, as a result of the share exchange, control of the combined companies passed to the former shareholders of Grow Pros MMP Inc., which for accounting purposes is deemed to be the acquirer. For financial reporting purposes the transaction has been accounted for under IFRS 2 Share Based Payment and therefore the financial statements have been prepared as a continuation of Grow Pros MMP Inc. Consequently, through the period ended December 29, 2014, the consolidated statements of comprehensive loss and the consolidated statements of cash flows relate only to Grow Pros MMP Inc., the acquirer. Subsequent to December 29, 2014, the net assets of Grow Pros MMP Inc. are included in the balance sheet at their carrying values, and the acquisition of Mazorro is accounted for by the acquisition method, with the net assets of Mazorro recorded at their estimated fair values.

- a.) the assets and liabilities of Grow Pros MMP Inc. are recognized and measured at their pre-combination carrying amounts.
- b.) the retained earnings (deficit) and other equity balances are the retained earnings (deficit) and other equity balances of Grow Pros MMP Inc. immediately prior to the share exchange transaction.
- c.) the amount recognized as issued equity was determined by adding the cost of the combination to the issued equity of Grow Pros MMP Inc. immediately prior to the share exchange transaction. However, the equity structure appearing in these consolidated financial statements (the number and type of equity instruments issued) reflect the equity structure of Mazorro, including the equity instruments issued by Mazorro to effect the combination.

<b>Consideration paid</b>	<b>\$</b>
Common shares	285,547
Warrants	12,171
Stock Options	616
Agent options	1,395
<b>Total considerations paid</b>	<b>299,729</b>

<b>Net assets acquired</b>	<b>\$</b>
Cash	207,577
Accounts receivable	34,737
Prepaid expenses	61,250
Accounts payable	(120,796)
<b>Total net assets acquired</b>	<b>182,768</b>

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2, Share Based Payments. Consideration consisted entirely of shares of the Company which were measured at the fair value of the Grow Pros MMP Inc.'s shares issued to existing Grow Pros MMP Inc. shareholders at the fair market value of the Grow Pros MMP Inc.'s shares at the date of the acquisition. The recognition of a listing expense as part of the acquisition of a public company is determined as the proceeds paid by the Company less the net assets acquired by the Company as a result of the takeover. The Company recognized a listing expense of \$116,961.



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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 13. Acquisition of Mazorro Resources Inc. (continued)

The combined company began trading on the Canadian Securities Exchange under its new name GrowPros Cannabis Ventures Inc. and new trading symbol "GCI" on January 5, 2015.

#### 14. Loss per common share

The calculation of basic and diluted loss per share for the three months ended February 28, 2015 was based on the loss attributable to common shareholders of \$277,014 and the weighted average number of common shares outstanding of 47,511,140. Diluted loss per share did not include the effect of 1,225,000 stock options, 501,300 agent options and 15,463,000 warrants as they are anti-dilutive.

#### 15. Changes in non-cash working capital items

	February 28, 2015
	\$
Accounts receivable	(27,874)
Prepaid expenses	(40,003)
Accounts payable and accrued liabilities	108,430
Total	<u>40,553</u>

##### Non-cash transactions

The Company made cash payments for interest of \$Nil and income taxes of \$Nil during the period ended February 28, 2015.

#### 16. Related party balances and transactions

Related parties include the Board of Directors and key management personnel, as well as, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

##### (a) Transactions with key management personnel

Remuneration of directors and key management personnel of the Company was as follows:

	February 28, 2015
	\$
Salaries and service contracts	24,572
Share-based compensation	-
Total	<u>24,572</u>

As at February 28, 2015, directors and key management personnel were owed \$46,076 (November 30, 2014 - \$45,051). This amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

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# GrowPros Cannabis Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

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### 17. Capital management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition of a medical marijuana production licence. 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 team to sustain the future development of the business. The Company considers its capital to be equity attributable to equity holders, which is comprised of share capital, reserves and deficit which totalled a surplus of \$14,346 as at February 28, 2015 (November 30, 2014 – deficit \$8,369).

The Company is currently in a start-up stage and as of the date of these financial statements does not have a Health Canada License to produce medical marijuana. As such the Company is dependent on external financing to fund its activities. In order to carry out its operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) focusing on obtaining its Health Canada License to produce medical marijuana; and
- (iii) exploring alternative sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the periods ended February 28, 2015 and November 30, 2014.

The Company is not subject to any external capital requirements or restrictions.

### 18. Segmented information

Upon receiving a production license from Health Canada, the Company will operate in one segment, the production and sale of medical marijuana.

All non-current assets are located in Canada.

### 19. Financial risk factors

Financial risk

The Company's activities expose it to a variety of financial risks in relation to financial instruments. The financial assets and liabilities by category are summarized in note 20. The main types of risks are credit risk and liquidity risk.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

- (i) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

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## GrowPros Cannabis Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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#### 19. Financial risk factors (continued)

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

##### (ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 28, 2015, the Company had cash of \$118,702 (November 30, 2014 - \$35,642) and current liabilities of \$226,768 (November 30, 2014 - \$98,546). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

#### 20. Categories of financial instruments

	February 28, 2015	November 30, 2014
	\$	\$
<b>Financial assets:</b>		
Loans and receivables		
Cash	118,702	35,642
Accounts receivable	37,270	9,396
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	(226,768)	(93,529)
Loan payable	-	(5,017)

As of February 28, 2015, and November 30, 2014, the fair value of all the Company's financial instruments, approximated the carrying value due to the short-term nature of these instruments.

Financial instruments measured 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 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); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at February 28, 2015, the Company does not have any financial instruments recorded at fair value and that require classification in the fair value hierarchy.

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## **GrowPros Cannabis Ventures Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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#### **21. Commitments**

The total purchase price of the land on which the Company is planning to build its production facility is \$180,000. A non-refundable deposit of \$15,000 has been paid. The Company has until February 5, 2015 to complete the purchase of the land by providing the balance of \$165,000. Subsequent to November 30, 2014, the Company amended the purchase agreement to delay the final payment to March 15, 2015.

The Company is party to a management contract. The contract requires that additional payments of \$15,000 be made upon termination. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

#### **22. Events after the reporting period**

There were no significant events after the reporting period.