

GROWPROS CANNABIS VENTURES INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

Period ended February 29, 2016

Management's Responsibility for the condensed consolidated interim financial statements

The accompanying financial statements of Grow Pros Cannabis Ventures 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 29, 2016

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.

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

| As at | February 29, 2016 | November 30, 2015 |
|---|----------------------|----------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash | 116,814 | 20,125 |
| Accounts receivable (note 6) | 77,620 | 5,106 |
| Prepaid expenses | - | 833 |
| Total current assets | 194,434 | 26,064 |
| Non-current assets | | |
| Deferred building costs (note 7) | 16,900 | 13,899 |
| Total assets | 211,334 | 39,963 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 252,745 | 270,183 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Share capital (note 10) | 774,103 | 602,881 |
| Warrants (note 11) | 80,728 | 8,990 |
| Contributed surplus | 118,637 | 116,537 |
| Accumulated deficit | (1,014,879) | (958,628) |
| Total shareholders' equity (deficiency) | (41,411) | (230,220) |
| Total liabilities and shareholders' equity (deficiency) | 211,334 | 39,963 |
| Commitments and contingencies (note 20) | | |
| Going concern (note 2) | | |

Approved on behalf of the Board of Directors

GrowPros Cannabis Ventures Inc.Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

| | Three months ended February 29, 2016 | Three months ended February 28, 2015 |
|---|---|---|
| | \$ | \$ |
| Operating expenses | | |
| Management fees (note 15) | 39,200 | 24,572 |
| Travel and promotion expense | 6,062 | 45,421 |
| Professional fees | 17,953 | 58,359 |
| Exchange and regulatory fees | 10,411 | 22,692 |
| Listing expense | - | 116,961 |
| General and administrative expense | 10,672 | 11,535 |
| | 84,298 | 279,540 |
| Other income | | |
| Interest and other (income)/loss | (28,000) | (2,518) |
| Foreign exchange loss | (47) | (8) |
| | (28,047) | (2,526) |
| Net loss and total comprehensive loss | 56,251 | 277,014 |
| Basic and diluted loss per common share (note 13) | (0.00) | (0.01) |
| Basic and diluted weighted average number of common shares outstanding | 55,466,812 | 47,511,140 |

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

GrowPros Cannabis Ventures Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

| | Share Capital | | Warrants | Contributed Surplus | Accumulated Deficit | Total |
|--|-------------------|----------------|---------------|---------------------|---------------------|------------------|
| | # of shares | \$ | \$ | \$ | \$ | \$ |
| Balance, November 30, 2014 | 25,300,100 | 317,334 | 38,145 | - | (363,848) | (8,369) |
| 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 | 32,770,387 | 285,547 | 12,171 | 2,011 | - | 299,729 |
| Net loss | - | - | - | - | (277,014) | (277,014) |
| Balance, February 28, 2015 | 58,070,487 | 602,881 | 50,316 | 2,011 | (640,862) | 14,346 |
| Expiry of warrants | - | - | (41,326) | 41,326 | - | - |
| Issuance of stock options | - | - | - | 73,200 | - | 73,200 |
| Transactions with owners | - | - | (41,326) | 114,526 | - | 73,200 |
| Net loss | - | - | - | - | (317,766) | (317,766) |
| Balance, November 30, 2015 | 58,070,487 | 602,881 | 8,990 | 116,537 | (958,628) | (230,220) |
| Shares issued as part of a private placement | 5,210,000 | 260,500 | - | - | - | 260,500 |
| Warrants issued as part of a private placement | - | (70,164) | 70,164 | - | - | - |
| Share issue costs | - | (19,114) | 3,674 | - | - | (15,440) |
| Expiry of warrants | - | - | (2,100) | 2,100 | - | - |
| Transactions with owners | 5,210,000 | 171,222 | 71,738 | 2,100 | - | 245,060 |
| Net loss | - | - | - | - | (56,251) | (56,251) |
| Balance, February 29, 2016 | 63,280,487 | 774,103 | 80,728 | 118,637 | (1,014,879) | (41,411) |

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

GrowPros Cannabis Ventures Inc.Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

| | Three months ended February 29, 2016 | Three months ended February 28, 2015 |
|--|---|---|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net loss for the period | (56,251) | (277,014) |
| Adjustments for: | | |
| Listing expense | - | 116,961 |
| Changes in working capital items (note 14) | (89,119) | 40,553 |
| Net cash (used in) operating activities | (145,370) | (119,500) |
| INVESTING ACTIVITIES | | |
| Cash realized on acquisition of subsidiaries | - | 207,577 |
| Elimination of the loan from Mazorro Resources Inc. upon consolidation | - | (5,017) |
| Capitalized building costs | (3,001) | - |
| Net cash provided by (used in) investing activities | (3,001) | 202,560 |
| FINANCING ACTIVITIES | | |
| Common shares and warrants issued | 260,500 | - |
| Share issue costs | (15,440) | - |
| Net cash (used in) provided by financing activities | 245,060 | - |
| (Decrease) Increase in cash | 96,689 | 83,060 |
| Cash, beginning of the period | 20,125 | 35,642 |
| Cash, end of the period | 116,814 | 118,702 |

Supplemental cash flow information is provided in Note 14

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

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

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, GrowPros MMP Inc. ("GrowPros MMP") 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 GrowPros MMP, which for accounting purposes is deemed to be the acquirer. For financial reporting purposes the transaction has been accounted for as an acquisition of Mazorro by GrowPros MMP 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. GrowPros is not a licensed producer under the MMPR and is in the early stages of the application review process to obtain a licence to produce and supply medical marijuana under MMPR from Health Canada. GrowPros' ability to grow, store and sell medical marijuana in Canada is dependent on obtaining a licence from Health Canada and there can be no assurance that GrowPros will obtain such a license.

2. Going concern

These condensed consolidated interim financial statements ("consolidated 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 operating revenues or positive cash flows from its operations from inception to date. The Company has a deficit of \$1,014,879 as at February 29, 2016 (November 30, 2015 - \$958,628).

As at February 29, 2016, the Company had a working capital deficit of \$40,411 (November 30, 2015 - \$244,119), including \$116,814 (November 30, 2015 - \$20,125) in cash and current liabilities totalling \$252,745 (November 30, 2015 - \$270,183). The Company must secure additional financing 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. 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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

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 29, 2016. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended November 30, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2016 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.

4. Significant accounting policies

(a) *Basis of presentation and measurement*

These consolidated 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 loss and comprehensive loss are presented by nature.

(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. Management 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. 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.

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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

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 29, 2016, and November 30, 2015, the Company did not have any associates.

The subsidiaries of the Company at February 29, 2016, 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 |
| GrowPros Agro-Tek Inc. | Canada | 100% | Inactive |
| Minera Mazorro, S. de R.L. de C.V. | Mexico | 100% | Inactive |

5. Critical accounting estimates and judgements

The preparation of these consolidated 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.

Significant management judgments

Estimates

- The estimated useful lives and residual value of deferred building costs relating to the construction of the Company's building and its material components.
- 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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

5. Critical accounting estimates and judgements (continued)

- The collectability of accounts receivable. At February 29, 2016 and November 30, 2015, management assessed that the collectability of \$200,000 receivable from the sale of LOI's was uncertain due to the purchasing company being unable to complete a listing on stock exchange. As a result \$200,000 of proceeds were not recorded from the sale. Should the purchasing company be able to complete its listing and make the \$200,000 payment to GrowPros the proceeds will be recognized in the period that the payment is received by the Company.

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. Accounts receivable

| | February 29, 2016 | November 30, 2015 |
|----------------------|----------------------|----------------------|
| | \$ | \$ |
| Sales tax receivable | 17,620 | 5,106 |
| Other receivables | 60,000 | - |
| | <u>77,620</u> | <u>5,106</u> |

7. Deferred building costs

| | February 29, 2016 | November 30, 2015 |
|-------------------------|----------------------|----------------------|
| | \$ | \$ |
| Deferred building costs | <u>16,900</u> | <u>13,899</u> |

As at February 29, 2016, the Company had deferred \$16,900 (November 30, 2015 - \$13,899) 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.

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").

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

10. Share capital (continued)

2016 Fiscal year issuances

On February 25, 2016, the Company completed a non-brokered private placement of 5,210,000 units at a price of \$0.05 per unit for aggregate gross proceeds of \$260,500. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.07 up to February 24, 2017.

In connection with the private placement, the Company paid a finder's fee of \$13,640 and 272,800 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.07 per share for a period of 12 months expiring February 24, 2017.

2015 Fiscal year issuances

In December 2014, the Company issued 32,770,387 common shares with an assigned value of \$0.02 per share to the former shareholders of Mazorro based on the fair value of the Grow Pros MMP last financing prior to the transaction described in note 14, 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.

11. Warrants

The following table reflects the continuity of warrants:

| | Number of warrants | Grant date fair value | Weighted average exercise price |
|---|--------------------|-----------------------|---------------------------------|
| | | \$ | \$ |
| Outstanding, November 30, 2014 | 8,000,000 | 38,145 | 0.05 |
| Issued to acquire Mazorro | 2,450,000 | 3,995 | 0.20 |
| Issued to acquire Mazorro | 5,013,000 | 8,176 | 0.15 |
| Expired | (8,000,000) | (38,145) | 0.05 |
| Expired | (1,950,000) | (3,181) | 0.20 |
| Outstanding, November 30, 2015 | 5,513,000 | 8,990 | 0.15 |
| Issued as part of a private placement | 5,210,000 | 70,164 | 0.07 |
| Broker warrants issued as part of private placement | 272,800 | 3,674 | 0.07 |
| Expired | (500,000) | (2,100) | 0.20 |
| Outstanding, February 29, 2016 | 10,495,800 | 80,728 | 0.11 |

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

| Number of warrants | Grant date fair value | Exercise price | Expiry date |
|--------------------|-----------------------|----------------|--------------------|
| | \$ | \$ | |
| 5,210,000 | 70,164 | 0.07 | February 24, 2017 |
| 272,800 | 3,674 | 0.07 | February 24, 2017 |
| 5,013,000 | 6,890 | 0.15 | September 29, 2016 |
| 10,495,800 | 80,728 | | |

Subsequent to November 30, 2015, 500,000 stock options expired on December 12, 2015 with an exercise price of \$0.20.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

11. Warrants (continued)

The weighted average fair value of each warrant issued during the three months ended February 29, 2016, of approximately \$0.0135 (2015 - \$0.000787) is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

| | 2016 | 2015 |
|---|-----------|------------|
| Average share price at date of grant | \$0.05 | \$0.02 |
| Expected dividend yield | 0.00% | 0.00% |
| Expected share price volatility | 96% | 100% |
| Risk-free interest rate | 0.49% | 1.09% |
| Expected life of warrants | 1 year | 1.77 years |
| Average exercise price at date of grant | \$0.07 | \$0.17 |
| Number of warrants issued | 5,210,000 | 7,463,000 |
| Black-Scholes value | \$70,164 | \$12,171 |

As at February 29, 2016, a total of 500,000 (2015 - 9,950,000) warrants expired unexercised. The warrants had a weighted average exercise price of \$0.20 (2015 - \$0.08).

12. Stock options

The following table shows the continuity of options:

| | Number of options | Amount | Weighted average exercise price |
|---------------------------------------|----------------------|---------------|---------------------------------------|
| | | \$ | \$ |
| Outstanding, November 30, 2014 | - | - | - |
| Granted to acquire Mazorro | 125,000 | 63 | 0.20 |
| Granted to acquire Mazorro | 125,000 | 63 | 0.20 |
| Granted to acquire Mazorro | 750,000 | 377 | 0.32 |
| Granted to acquire Mazorro | 225,000 | 113 | 0.32 |
| Granted | 3,800,000 | 73,200 | 0.05 |
| Expired | (375,000) | (189) | 0.28 |
| Outstanding, November 30, 2015 | 4,650,000 | 73,627 | 0.10 |
| Expired | (625,000) | (314) | 0.30 |
| Outstanding, November 30, 2015 | 4,025,000 | 73,313 | 0.07 |

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

12. Stock options (continued)

The Company also has 501,300 compensation options outstanding. Refer to the section on the compensation options for more details.

| Number of options | Number of options vested | Grant date fair value | Exercise price | Expiry date |
|-------------------|--------------------------|-----------------------|----------------|------------------|
| | | \$ | \$ | |
| 3,800,000 | 3,800,000 | 73,200 | 0.05 | November 5, 2017 |
| 225,000 | 225,000 | 113 | 0.32 | October 28, 2016 |
| 4,025,000 | 4,025,000 | 73,313 | | |

There were no stock options granted during the three months ended February 29, 2016.

Compensation options

The Company provided 501,300 compensation options in connection with the acquisition of Mazorro. These compensation options are exercisable for one common share and one common share purchase warrant at \$0.10 per share on or before September 29, 2016. The underlying warrants have an exercise price of \$0.10 and expire on 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.

13. Loss per common share

Diluted loss per share did not include the effect of 4,025,000 stock options (2015 – 4,650,000), 501,300 agent options (2015 – 501,300) and 10,495,800 warrants (2015 – 5,513,000) outstanding at February 29, 2016, as they are anti-dilutive.

14. Changes in non-cash working capital items

| | February 29, 2016 | February 28, 2015 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Accounts receivable | (72,514) | (27,874) |
| Prepaid expenses | 833 | (40,003) |
| Accounts payable and accrued liabilities | (17,438) | 108,430 |
| Total | (89,119) | 40,553 |

Non-cash transactions

The Company made cash payments for interest of \$Nil and income taxes of \$Nil during the three months ended February 29, 2016 and February 28, 2015.

15. 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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

15. Related party balances and transactions (continued)

(a) Transactions with key management personnel

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

| | Three months ended February 29, 2016 | Three months ended February 28, 2015 |
|------------------------------|---|---|
| | \$ | \$ |
| Salaries (including bonuses) | - | 24,572 |
| Consulting fees | 39,200 | 24,000 |
| Professional fees | 7,500 | - |
| | <u>46,700</u> | <u>48,572</u> |

As at February 29, 2016, directors and key management personnel were owed \$113,535 (November 30, 2015 - \$117,429). This amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

During the period ended February 29, 2016, consulting fees of \$15,000 (2015 – salary of \$15,000) was paid/payable to Ryan Brown, the Company's CEO. Starting January 1, 2016, Ryan Brown ceased taking salary and started to invoice the Company through his consulting company. There was no change to the monthly remuneration paid to Mr. Brown. As at February 28, 2015 there was a balance of \$80,786 (November 30, 2015 - \$68,000) owing to him.

During the period ended February 29, 2016, consulting fees of \$9,200 (2015 – \$9,000) were paid/payable to Sabino Di Paola, the Company's CFO. As at February 29, 2016, there was a balance of \$Nil (November 30, 2015 - \$8,170) owing to him.

During the period ended February 29, 2016, consulting fees of \$15,000 (2015 – \$15,000) were paid/payable to Woodcliff Capital a company controlled by a director of the Company. As at February 29, 2015 there was a balance of \$31,075 (November 30, 2015 - \$37,550) owing.

During the period ended February 29, 2016, professional fees of \$7,500 (2015 – \$Nil) were paid/payable to K. Smutylo Professional Corporation, a company controlled by a director of the Company. As at February 29, 2016 there was a balance of \$Nil (November 30, 2015 - \$2,825) owing.

16. 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 \$41,411 as at February 29, 2016 (November 30, 2015 – deficit \$230,220).

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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

16. Capital management (continued)

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 February 29, 2016 and November 30, 2015.

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

17. 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 assets are located in Canada.

18. 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 19. 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.

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.

GrowPros Cannabis Ventures Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended February 29, 2016

(Expressed in Canadian Dollars)

18. Financial risk factors

(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 29, 2016, the Company had cash of \$116,814 (November 30, 2015 - \$20,125) and current liabilities of \$252,745 (November 30, 2015 - \$270,183). 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.

19. Categories of financial instruments

| | February 29, 2016 | November 30, 2015 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Financial assets: | | |
| Loans and receivables | | |
| Cash | 116,814 | 20,125 |
| Accounts receivable | 60,000 | - |
| Financial liabilities | | |
| Financial liabilities at amortized cost | | |
| Accounts payable and accrued liabilities | (252,745) | (270,183) |

As of February 29, 2016 and November 30, 2015, the estimated 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 29, 2016 and November 30, 2015, the Company does not have any financial instruments recorded at fair value and that require classification in the fair value hierarchy.

20. Commitments and contingencies

The Company is party to a management contract with its Chief Executive Officer. The contract requires that additional payments of \$30,000 be made upon termination. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.