

## OFFERING MEMORANDUM



### NATIONAL GREEN BIOMED LTD.

**Date** February 10, 2016

**The Issuer** National Green Biomed Ltd. (the "Issuer" or "we")

**Head Office:** Address: #170-4631 Shell Road Phone: 604.273.1619  
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**These securities do not trade on any exchange or market. The Issuer is not a Reporting Issuer nor a SEDAR filer.**

#### The Offering

**Securities offered:** Up to 10,000,000 class "A" common shares (each a "Share" and collectively, the "Shares").

**Price per security:** \$0.30 per Share.

**Minimum/Maximum Offering:** **There is no minimum. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

**Minimum subscription amount:** The minimum subscription amount that an investor must invest is \$3,000. The Issuer may, in its sole discretion, accept subscriptions of less than this amount.

**Payment terms:** Bank draft, certified cheque, wire transfer or other negotiable instrument acceptable to the Issuer, with subscription.

**Proposed closing date(s):** On or before March 31, 2016, or such other date or dates as are chosen by the Issuer (the "Closing Date"). The Issuer reserves the right to close the Offering in partial closings as subscriptions are received.

**Selling Agent** No selling agents have been engaged for the Offering. The Issuer however may engage selling agents in the future, at fees to be negotiated.

**Resale restrictions** You will be restricted from selling your securities for an indefinite period. See Item 10 "*Resale Restrictions*".

**Purchaser's rights** You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 "*Purchasers' Rights*".

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 "*Risk Factors*".**

## Forward Looking Statements

Certain statements contained in this offering memorandum, including the financial statements included herein that are not historical, may be considered “forward looking statements” and are prospective. These forward looking statements sometimes include words to the effect that we or our management believe or expect a stated condition or result. All estimates and all statements that describe our objectives, goals, or future plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated in such statements due to any number of factors, including, but not limited to, fluctuations in interest rates, political and economic conditions, industry competition and our ability to attract and retain key personnel. We do not undertake to review or update these forward looking statements. See Item 8 “Risk Factors”.

## ITEM 1 USE OF AVAILABLE FUNDS

### Funds

The following table describes the available funds as a result of the Offering:

	Assuming Maximum Offering
Amount to be raised by the Offering:	\$3,000,000
Selling commissions and fees: <sup>(1)</sup>	\$Nil
Estimated Offering costs (e.g., legal, accounting, audit.):	\$50,000
<b>Available funds:</b>	<b>\$2,950,000</b>
Working capital as at December 31, 2015:	\$509,734
<b>Total:</b>	<b>\$3,459,734</b>

<sup>(1)</sup> The Issuer reserves the right to engage selling agents or finders. See “Item 7”.

The Issuer reserves the right to complete additional debt or equity financings other than the Offering. The proceeds of these financings will be added to working capital or used for other corporate purposes.

### Use of Available Funds

The Issuer intends to spend the net proceeds of the Offering in order of priority as follows:

	Assuming Maximum Offering
Purchase of Properties <sup>(1)</sup>	\$1,965,000
Development of Production Facility (Architect, Consulting, Site Preparation, etc.) <sup>(1)</sup>	\$500,000
UBC Funding Commitment <sup>(2)</sup>	\$200,000
General and Administrative Expenses and Working Capital <sup>(3)</sup>	\$794,734
<b>Total:</b>	<b>\$3,459,734</b>

<sup>(1)</sup> See Item 2 “Business of the Issuer – Proposed Production Facility”.

<sup>(2)</sup> See Item 2 “Business of the Issuer – Research and Development”.

<sup>(3)</sup> If the Issuer engages a selling agent or finder for the Offering, their fees will be paid from working capital.

## **Reallocation**

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons. The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives and there is no assurance that alternative financing will be available.

## **ITEM 2 BUSINESS OF THE ISSUER**

### **Structure**

The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on March 17, 2014. The Issuer has no subsidiaries.

### **Our Business**

#### *Overview*

The Issuer is seeking to become a licensed producer of medical marijuana under Canada's Marijuana for Medical Purposes Regulations ("MMPR") program administered by Health Canada, with the goal of becoming a nationally recognized and respected provider of products and services to the legal medical marijuana industry from research to cultivation and distribution. The Issuer submitted an application for a license under MMPR (a "License") in August 2014 and is in the process of submitting further information to Health Canada to satisfy all aspects of development as part of the approval process. The Issuer is not currently licensed to produce, sell or distribute medical marijuana.

#### *Proposed Production Facility*

The Issuer's production facility (the "Facility") will be located in Mission, British Columbia on an 18 acre agricultural site. Current plans for the Facility include a 26,000 square foot metal clad processing facility consisting of offices, a shipping/receiving vault, a packaging room, a drying room and a 1,700 square foot laboratory where research and development and quality control testing will be conducted. The Issuer intends to construct 19 greenhouses, providing for 47,880 square feet of dedicated greenhouse space. To mitigate any security risks, the Issuer intends to create a state-of-the-art security system at the Facility that will include cameras with motion-detection/intrusion capabilities throughout the entire Facility that will be monitored on a 24-hour basis. The Issuer has allocated \$500,000 from the proceeds of the Offering for architect fees, site preparation and other pre-construction development costs.

The Issuer has an option to acquire the 18 acre site for a purchase price of \$1,200,000. The Issuer has paid non-refundable deposits totalling \$110,000 under this option. The Issuer also acquired an option to purchase two adjoining parcels totalling 50 acres for a total purchase price of \$925,000. The Issuer has paid deposits totalling \$50,000 for these properties. See "*Material Agreements*" below for further details. The Issuer has allocated \$1,965,000 from the proceeds of the Offering to complete these property purchases.

The Issuer has had preliminary discussions with a number of contractors and consultants including a designer, manufacturer and installer of greenhouses and a security firm, but formal contracts have not been entered into.

#### *Products and Operations*

The first cycle of operations will begin with eight organically grown strains of marijuana, guided by medical research focusing on strains to treat specific ailments, such as HIV, chronic pain and nausea. All seeds will be purchased from authorized dealers, who are in compliance with the MMPR. Within one year of production, the Issuer plans to expand to 20 different strains that will range in tetrahydrocannabinol and cannabidiol (CBD) content. The Issuer intends to use generic strains as well internally developed strains by the onsite research and development lab.

#### *Research and Development*

The Issuer is dedicated to becoming a leader in the medical marijuana industry through rigorous quality control measures and continuous research and development within its Facility. The Issuer intends to establish a state of the

art laboratory that will be equipped with the most advanced equipment available for testing medical marijuana, which will help ensure the safest and highest quality product available to its patients. In furtherance of its commitment to research, on January 20, 2015, the Issuer entered into a gift agreement with the Department of Medicine at the University of British Columbia (the “UBC Gift Agreement”) whereby the Issuer has agreed to support UBC in its pursuit of academic activities related to the study of cannabinoids in the treatment of HIV disease, pain management, nausea and other health issues. The Issuer has pledged to donate \$200,000 annually for five years for a total of \$1,000,000 and has made its first \$200,000 donation. The Issuer has allocated \$200,000 from the proceeds of the Offering for its 2016 commitment under this agreement. In the event that the Issuer is unable to fulfill its pledge, a director of the Issuer has agreed to fulfill any remaining obligations under the UBC Gift Agreement.

#### *Market and Marketing Plan*

The Issuer’s target market consists of patients who have authorization by a qualified medical professional to purchase and consume medical marijuana. According to Health Canada statistics, this is currently a market of 55,000 customers.

During the first two years of operations, the Issuer intends to focus on the following paid marketing mediums:

1. Medical journals (Canadian Journal of Rural Medicine, Canadian Medical Association Journal, etc.), with the goal of providing doctors with technical information about the Issuer’s products.
2. A toll free 24 hour call centre handling general inquires.
3. A comprehensive website (www.ngbiomed.ca) to provide clients, medical professionals, and the general public information on medical marijuana. The Issuer will use search engine optimization and online key word advertising to drive traffic to the corporate website.

The Issuer also intends to rely heavily on non-traditional advertising such as word of mouth, social media and cannabis industry events and competitions.

Finally, the Issuer intends to create stock video and photos to be provided to news media and other content creators. This will have the effect of increasing the reach and recognition of the brand and help to attract new clients.

At all times, the Issuer will ensure such advertisements are permissible pursuant to the MMPR and applicable regulations.

#### *Competition*

As of January 27, 2016, Health Canada has issued 27 licences for the production of medical marijuana under the MMPR. In total there are 22 companies, three of which that have multiple licenses. The Issuer is one of 324 applicants waiting for approval from Health Canada and, therefore we anticipate more competition to enter the market. The barriers to enter this market are high and only highly qualified companies will obtain a final licence.

The 27 licences are held by the following companies:

<b>Licensed producer</b>	<b>Province / Territory</b>	<b>Licence type (plants / dried)</b>	<b>Date of initial licensing</b>	<b>Licence status</b>
ABcann Medicinals Inc.	ON	Cultivation and Sale	March 21, 2014	Valid
Agripharm Corp.	ON	Cultivation and Sale	December 11, 2014	Valid
Aphria	ON	Cultivation and Sale	March 24, 2014	Valid
Aurora Cannabis Enterprises Inc.	AB	Cultivation and Sale	February 17, 2015	Valid
Bedrocan Canada Inc.	ON	Sale Only	December 16, 2013	Valid
Bedrocan Canada Inc. (2 <sup>nd</sup> site)	ON	Cultivation and Sale	February 17, 2015	Valid

Licensed producer	Province / Territory	Licence type (plants / dried)	Date of initial licensing	Licence status
Broken Coast Cannabis Ltd.	BC	Cultivation and Sale	March 14, 2014	Valid
Canna Farms Ltd.	BC	Cultivation and Sale	January 8, 2014	Valid
CanniMed Ltd.	SK	Sale Only	September 19, 2013	Valid
CannTrust Inc.	ON	Cultivation and Sale	June 12, 2014	Valid
Delta 9 Bio-Tech Inc.	MB	Cultivation and Sale	March 18, 2014	Valid
Emerald Health Botanicals Inc.	BC	Cultivation and Sale	February 5, 2014	Valid
Hydrophothecary	QC	Cultivation and Sale	March 14, 2014	Valid
In The Zone Produce Ltd.	BC	Cultivation Only	February 26, 2014	Valid
KindCann Ltd.	ON	Cultivation Only	August 26, 2015	Valid
MariCann Inc.	ON	Cultivation and Sale	March 27, 2014	Valid
MedReleaf Corp.	ON	Cultivation and Sale	February 14, 2014	Valid
Mettrum Ltd.	ON	Cultivation and Sale	November 1, 2013	Valid
Mettrum Ltd. (2 <sup>nd</sup> site)	ON	Cultivation	December 16, 2015	Valid
OrganiGram Inc.	NB	Cultivation and Sale	March 26, 2014	Valid
Peace Naturals Project Inc	ON	Cultivation and Sale	October 31, 2013	Valid
Prairie Plant Systems Inc.	SK	Cultivation Only	September 19, 2013	Valid
RedeCan Pharm	ON	Cultivation and Sale	June 25, 2014	Valid
Tilray	BC	Cultivation and Sale	March 24, 2014	Valid
Tweed Farms Inc.	ON	Cultivation and Sale	August 8, 2014	Valid
Tweed Inc.	ON	Cultivation and Sale	November 18, 2013	Valid
Whistler Medical Marijuana Corp.	BC	Cultivation and Sale	February 26, 2014	Valid

The companies listed above all range in size and scope, with a majority of the companies operating in a concrete or warehouse type of facility. The Issuer believes it will have the strength in people and resources to establish a strong position in the market. Furthermore, the Issuer believes that its ability to scale its low-cost greenhouse production facility will allow it to gain a competitive advantage over the majority of its competition. Because of the early stage of the industry in which the Issuer operates, the Issuer expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the Issuer expects that competition will be more intense. See Item 8 “*Risk Factors - Competition*”.

### Development of Business

The Issuer was incorporated on March 17, 2014. In 2014, the Issuer raised approximately \$120,010 through the sale of shares. The Issuer submitted its initial application for a licence to Health Canada in August 2014. In January 2015, the Issuer entered into the Gift Agreement with UBC pursuant to which it committed to provide \$1 million to UBC to support research into the use of cannabinoids for HIV and other matters. In June 2014 and June, 2015, the Issuer secured options to acquire properties located in Mission, British Columbia, totaling 68 acres. On October 9, 2015, the Issuer was advised by Health Canada that its application advanced to the security clearance stage, which is stage 4 of 7 in the licensing process. In 2015 and early 2016, the Issuer raised an additional \$1,013,500 through the sale of shares. See Item 4 “*Capital Structure – Prior Sales*”.

### Long Term Objectives

The Issuer’s long term objective is to complete construction of the Facility, obtain all Health Canada approvals, obtain a Licence for the production and sale of medical marijuana and becoming a leading producer in this market. Total costs associated with completing the Facility and obtaining the Licence are estimated at approximately \$15 million.

See “*Short Term Objectives and How We Intend to Achieve Them*” below for details of objectives and related costs for the next 12 months. Assuming the short term objectives are met, the Issuer anticipates that the Facility will be completed and the License granted by approximately June 30, 2017.

### Short Term Objectives and How We Intend to Achieve Them

The following table sets out the Issuer’s short term objectives:

What we must do and how we will do it <sup>(1)</sup>	Target completion date (or number of months to complete)	Our cost to complete
Complete the Offering	March 31, 2016	\$50,000
Complete purchase of properties	March 31, 2016	\$1,965,000
Obtain a “pre-inspection” letter from Health Canada	March 31, 2016 <sup>(2)</sup>	\$50,000
Obtain development and building permits and commence construction of Facility	December 31, 2016	\$500,000
Complete \$10 million Financing for construction of Facility	December 31, 2016	\$200,000

(1) These short term objectives reflect the Issuer’s current expectations and are subject to a number of known and unknown risks, uncertainties and other factors which may cause the Issuer’s actual results, performance or achievements to be materially different from the above short term objectives listed above.

(2) The Health Canada approval process is outside of the control of the Issuer. There can be no assurance that the “pre-inspection” letter will be granted by March 31, 2016 or at all.

### Insufficient Funds

The funds available as a result of the Offering may not be sufficient to accomplish all of the Issuer’s proposed objectives and there is no assurance that alternative financings will be available.

In the event that the Issuer does not complete the Offering, the Issuer will seek additional equity and debt financing necessary to make up the balance. The Issuer has not arranged any such financing at the date of this Offering Memorandum and there is no assurance that debt or equity financing will be obtained by the Issuer in the amounts or by the times necessary to accomplish all of the Issuer’s proposed objectives.

### Material Agreements

The Issuer has not entered into any material contracts, other than contracts in the ordinary course of business, except as follows:

1. Contract of Purchase and Sale dated June 24, 2014 pursuant to which the Issuer has an option to purchase property located in Mission, British Columbia (the “Mission Property”) for a total consideration of \$1,200,000. As at date hereof, the Issuer has paid non-refundable deposits totaling \$110,000 under this agreement. The Issuer is required to pay the balance of the purchase price and complete the purchase of the property on the date which is the earlier of the date that is 20 days following the receipt of the License or December 31, 2016. See Item 2 “*Business of the Issuer – Proposed Production Facility*”.
2. Two Assignment Agreements dated June 18, 2015 between the Issuer and 0926212 B.C. Ltd. (“0926212”) pursuant to which the Issuer acquired all of 0926212’s interests in two contracts of purchase and sale dated April 12, 2015 to purchase two properties located adjacent to the Mission Property (the “Adjacent Properties”) for total consideration of \$925,000. Deposits in respect of the Adjacent Properties totaling \$50,000 have been paid to date. The Issuer is required to pay the balance of the purchase price and complete the purchase of the Adjacent Properties on April 14, 2016. See Item 2 “*Business of the Issuer – Proposed Production Facility*”.

3. Gift Agreement dated January 20, 2015 pursuant to which the Issuer agreed to donate \$1,000,000 to UBC to support cannabinoid research. See Item 2 “*Business of the Issuer – Research and Development*”.
4. Consulting Agreement dated March 15, 2014, between the Issuer and Heed Consultants Ltd. See “*Item 3 – Interests of Directors, Management, Promoters and Principal Shareholders – Consulting Agreement*”.

**ITEM 3**  
**INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

**Compensation and Securities Held**

The following table sets out certain information regarding each director, executive officer, and promoter of the Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a “Principal Holder”):

<b>Name and municipality of principal residence</b>	<b>Position(s) held and the date of obtaining that position</b>	<b>Compensation paid by Issuer or related party in the most recently completed financial year</b>	<b>Compensation anticipated to be paid in the current financial year<sup>(1)</sup></b>	<b>Number, type and percentage of securities of the Issuer held after completion of the Maximum Offering</b>
Herb Dhaliwal, Richmond, BC	Director (September 2014)	\$Nil	\$Nil	2,500,000 (7.8%)
Justin Dhaliwal, Richmond, BC	Director (March 2014) and President (March 2014)	\$49,000	\$49,000	1,380,000 <sup>(2)</sup> (4.3%)
Nick DeMare, Burnaby, BC	Director (September 2014) Interim Chief Financial Officer and Interim Corporate Secretary (September 2014)	\$9,500 <sup>(3)</sup>	\$9,500	700,000 <sup>(4)</sup> (2.2%)
David Sidoo, Vancouver, BC	Director (June 2015)	\$Nil	\$Nil	3,000,000 <sup>(5)</sup> (9.3%)
Chris Beltgens, North Vancouver, BC	Director (September 2014)	\$Nil	\$Nil	250,000 (0.8%)

<sup>(1)</sup> These are preliminary figures only and are subject to change.

<sup>(2)</sup> Of these Shares, 880,000 are held by Mr. Dhaliwal and 500,000 are held by Mr. Dhaliwal’s spouse.

<sup>(3)</sup> Paid to Chase Management Ltd. (“Chase”), a private company owned by Mr. DeMare, for bookkeeping, accounting and management services provided by Chase personnel excluding Mr. DeMare.

<sup>(4)</sup> Of these Shares, 100,000 are held by Mr. DeMare and 600,000 are held by DNN Investments Ltd., a private company controlled by Mr. DeMare.

<sup>(5)</sup> Of these Shares, 1,000,000 are held by Mr. Sidoo, 1,000,000 are held by his wife and 1,000,000 are held by his children.

**Management Experience**

The following table sets out the names of all of the directors and executive officers of the Issuer, the position(s) held by each director and executive officer, the principal occupation of each director and executive officer over the past five years and a description of any relevant experience in a business similar to the Issuer’s:

Name	Principal Occupation and Related Experience
Herb Dhaliwal <i>Director</i>	Mr. Dhaliwal is a former Member of Parliament and Minister of National Revenue; Minister of Fisheries & Oceans and Minister of Natural Resources. He is the former Vice-Chair of BC Hydro Power and Authority. Mr. Dhaliwal is an entrepreneur, business owner and advisor with interests in transportation, building maintenance, construction and real estate.
Justin Dhaliwal <i>Director and President</i>	Mr. Dhaliwal has 15 years of experience managing family owned companies ranging from property development, commercial janitorial and passenger transportation with an excess of 250 employees. He is the former VP Business Development of Dynamic Group and founded Dynamic's security division which provided security equipment and services to the 2010 Olympic games, G-8 and G-20 Summit meetings. Mr. Dhaliwal has a BCom in Entrepreneurial Management.
Nick DeMare <i>Interim Chief Financial Officer, Interim Corporate Secretary and Director</i>	Mr. DeMare is the Principal and President of Chase, a private company which provides a broad range of administrative, management and financial services to private and public companies. He has assisted numerous companies in various industries in making the transition from the private to public stage and arranging and participating in equity and debt financings.
David Sidoo <i>Director</i>	Mr. Sidoo is the President, Chief Executive Officer and Director of East West Petroleum Corp. He is a former partner at Yorkton Securities and founder of American Oil and Gas Inc. He is currently on the University of British Columbia's Board of Governors.
Chris Beltgens <i>Director</i>	Mr. Beltgens is the Corporate Development Manager of East West Petroleum. He is one of the original employees of Sophiris Bio, Inc. and has assisted companies in raising in excess of \$2 billion in equity and debt capital while at GMP London. Mr. Beltgens has a BSc and a MBA.

#### Loans

The following table sets out the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate due to or from the directors, management, promoters and Principal Holders as at the date hereof:

None.

#### Penalties, Sanctions and Bankruptcy

Except as disclosed below, no director, executive officer or control person of the Issuer, or an issuer of which a director, executive officer or control person of the Issuer was a director, executive officer or control person at the time has been subject to any penalty or sanction that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years.

Except as disclosed below, no director, executive officer or control person of the Issuer, or an issuer of which a director, executive officer or control person of the Issuer was a director, executive officer or control person at the time has made any declaration of bankruptcy, voluntary assignment of bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years.

Nick DeMare was an independent director of Andean American Gold Corp. ("Andean American") until January 2011. On August 2, 2007, Andean American was issued a cease trade order by the British Columbia Securities Commission ("BCSC") for deficiencies in Andean American's continuous disclosure material related to its resource properties and for deficiencies in a previously filed National Instrument 43-101 – Standards of Disclosure to Mineral Projects ("NI 43-101") technical report. On October 22, 2007, Andean American filed an amended NI 43-101 technical report and issued a clarifying news release. The cease trade order was lifted and the shares resumed trading on October 24, 2007.

Nick DeMare is a director of Salazar Resources Limited ("Salazar"). On September 10, 2010, Salazar was issued a cease trade order by the BCSC for failing to file an acceptable NI 43-101 technical report on its Curipamba project in Ecuador supporting its disclosure concerning mineral resource estimates in a news release dated February 25, 2009.



Salazar filed a new NI 43-101 technical report and the cease trade order was revoked by the BCSC on October 14, 2010 and its shares resumed trading on October 18, 2010.

On December 2, 2009 the Hon. Herb Dhaliwal was a director of Brainhunter Inc. (“Brainhunter”) when an order was granted by the Ontario Superior Court of Justice under the Companies’ Creditors Arrangement Act for the company and certain of its principal subsidiaries providing, among other things, a stay of proceedings against the company. Hon. Herb Dhaliwal resigned as a director of Brainhunter in February 2010.

### Consulting Agreement

Effective March 15, 2014, the Issuer entered into a consulting agreement (the “Heed Agreement”) with Heed Consultants Ltd. (“Heed”) for the provision of consulting services in connection with the development of the Issuer’s business. Pursuant to the agreement, during fiscal year 2014 the Issuer was billed a total of \$43,500 by Heed. Effective January 1, 2015 the Issuer commenced paying Heed a monthly retainer of \$1,000 per month and the Issuer was billed \$12,000 by Heed during fiscal year 2015. In addition to the base retainers, the Issuer agreed to pay a further \$25,000 bonus to Heed in the event the Issuer reached the pre-inspection stage from Health Canada of the Issuer’s MMPR application. The Issuer received confirmation of entering the security clearance stage on October 9, 2015 and recorded the consideration in fiscal 2015. As at December 31, 2015, \$27,000 (December 31, 2014 - \$20,750) remained unpaid. The agreement may be terminated by either party upon 30 days notice.

## ITEM 4 CAPITAL STRUCTURE

### Share Capital

The following table provides information about the capital structure of the Issuer:

Description of Security	Number Authorized to be Issued	Price Per Security	Number Outstanding as at January 15, 2016	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Class A Shares	unlimited	without par value	22,135,100	N/A	32,135,100 <sup>(1)</sup>

(1) The Issuer has also agreed to grant stock options to purchase up to 50,000 shares at \$0.30 per share. See “*Stock Options*” below.

### Long Term Debt Securities

The Issuer does not have any long-term debt.

### Prior Sales

The following table sets out the total number of Class A Shares and securities convertible or exchangeable into Class A Shares that have been issued by the Issuer since incorporation:

<b>Date of Issuance</b>	<b>Type of Security Issued</b>	<b>Number of Securities Issued</b>	<b>Price Per Security</b>	<b>Total Funds Received</b>
March 17, 2014	Class A Shares	100	\$0.10	\$10
October 10, 2014	Class A Shares	12,000,000	\$0.01	\$120,000
May - December, 2015	Class A Shares	8,260,000	\$0.10	\$826,000
January 8, 2016	Class A Shares	1,875,000	\$0.10	\$187,500
<b>Total</b>		<b>22,135,100</b>		<b>\$1,133,510</b>

### **Stock Options**

The Issuer does not have a formal stock option plan at this time but intends to adopt one as its business develops. As at the date hereof, the Issuer has agreed to grant stock options to Heed as follows: (i) 25,000 Shares at \$0.30 per Share upon receipt of a building permit and (ii) stock options to acquire 25,000 Shares at \$0.30 per Share upon receipt of the License. See Item 3 “*Interest of Directors, Management, Promoters and Principal Holders – Consulting Agreement*”.

## **ITEM 5 SECURITIES OFFERED**

### **Terms of Securities**

Up to 10,000,000 Shares will be offered at an issue price of \$0.30 per Share. A holder of a Share is entitled to one vote for each Share held on all matters to be voted on by such shareholders.

### **Offering Jurisdictions**

The Offering is being conducted in British Columbia, Alberta, Saskatchewan, Manitoba and Nova Scotia pursuant to the exemption found in section 2.9 of National Instrument 45-106 “Prospectus and Registration Exemptions” (“NI 45-106”).

Section 2.9 of NI 45-106 exempts a distribution to any person from the prospectus requirements, as long as the purchaser purchases the security as principal and the issuer delivers to the person an offering memorandum in Form 45-106F2 or Form 45-106F3 and obtains from the purchaser a signed risk acknowledgement form in Form 45-106F4.

If the subscriber is in Alberta, Saskatchewan or Manitoba and subscribes for more than \$10,000, the subscriber is required to qualify as an “Eligible Investor” pursuant to NI 45-106.

An “Eligible Investor” means:

- (a) a person whose:
  - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
  - (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
  - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,
- (c) a general partnership of which all of the partners are eligible investors,
- (d) a limited partnership of which the majority of the general partners are eligible investors,
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- (f) an accredited investor (as defined in NI 45-106),
- (g) a person described in section 2.5 of NI 45-106, or
- (h) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser (as defined in NI 45-106).

### **Subscription Procedure**

To subscribe for Shares a subscriber must sign and deliver to the Issuer, the following documents (the “Subscription Documents”):

- (a) a subscription agreement;
- (b) a Risk Acknowledgement Form attached as an Appendix to the subscription agreement; and
- (c) any other forms, declarations and documents as may be required by the Issuer to complete the subscription.

The subscriber must deliver the subscription funds by way of bank draft, certified cheque, wire transfer or other negotiable instrument acceptable to the Issuer payable to “National Green Biomed Ltd.” with the Subscription Documents, unless other arrangements are made with the Issuer.

The Issuer may close the Offering as and when subscriptions are received. The Issuer will hold subscription funds in trust until midnight on the second business day after the receipt of a subscriber’s signed subscription agreement during which period the subscriber may request a return of such funds by delivering a notice to the Issuer. See Item 11 “*Purchasers’ Rights*”.

## **ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Not all securities are eligible for investment in a registered retirement savings plan (RRSP) or tax free savings account (TFSA). You should consult your own professional advisers to obtain advice on the RRSP or TFSA eligibility of these securities.

## **ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS**

No selling agents have been engaged for this Offering. The Issuer however may engage selling agents in the future, at fees to be negotiated.

## **ITEM 8 RISK FACTORS**

In carrying on its business, the Issuer is subject to numerous risks including the following:

### **Highly Speculative**

The purchase of Shares is highly speculative. A potential subscriber should purchase Shares only if it is able to bear the risk of the entire loss of its investment. An investment in the Shares should not constitute a significant portion of a subscriber's investment portfolio.

### **Restrictions on Trading**

The Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a shareholder will not be able to trade the Shares unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Issuer has no intention of becoming a reporting issuer in any jurisdiction in Canada, these restrictions in trading may never expire. There is no public or established market over which the Shares may be traded and it is very unlikely that one will ever develop. Consequently, shareholders may not be able to liquidate their investment in a timely manner, if at all, See Item 10 "*Resale Restrictions*".

### **Lack of Operating History and License**

The Issuer is a start-up company which does not have an operating history. The Issuer has not received a License from Health Canada and there can be no assurance that the Issuer will receive a License. Until the Issuer receives a License, it cannot begin the production, sale and distribution of medical marijuana. It is currently not known when or of the Issuer will be granted a License.

The Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risks that the Issuer will be unable to acquire the necessary License, successfully produce the product, or establish a market for its product. There can be no assurance that consumer demand for the Issuer's product will be anticipated or that the Issuer will become profitable.

### **Significant amount of Capital to Carry out the Proposed Business**

The Issuer is in the development stage, has not started operating and has not generated any revenue. The building and operation of medical marijuana facilities and business are capital intensive. The Issuer will likely operate at a loss until its business becomes established and the Issuer will require additional financing in order to fund future operations and expansion plans. The Issuer's ability to secure any required financing to commence and sustain its operations will depend in part upon prevailing capital market conditions, as well as its business success. There can be no assurance that the Issuer will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to its management. If additional financing is raised by issuing Shares, control may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Issuer may be required to scale back its business plan or cease operating.

### **Development and Building Permits**

Before the Issuer can commence construction of the Facility, it will need development and building permits from the applicable regulatory authorities. The Issuer is working with an architect to submit the required documentation; however, there can be no assurance that these permits will be issued on a timely basis, or at all.

### **Technical Management**

The Issuer currently does not have personnel on staff with the necessary qualifications to construct and operate the Facility. The Issuer has begun searching and recruiting qualified personnel for its operational team but has not formally engaged these persons. There can be no assurance that the Issuer will be able to attract or engage qualified personnel to run its operations.

## **Change in Laws, Regulations and Guidelines**

The Issuer's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While, to the knowledge of the Issuer's management, the Issuer is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Issuer may cause adverse effects to the Issuer's operations.

## **Reliance on a Single Facility**

The Issuer's proposed activities and resources will be primarily focused on the Facility in Mission, British Columbia and the Issuer will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Issuer could have a material and adverse effect on the Issuer's business, financial condition and prospects. The Issuer's operations and financial performance may be adversely affected if it is unable to keep up with the maintenance requirements of the Facility.

## **Additional Financing**

The building and operation of the Issuer's proposed facility and business are capital intensive. In order to execute the anticipated growth strategy, the Issuer will require some additional equity and/or debt financing to support on-going 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 Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Issuer's growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

## **Competition**

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Issuer.

Because of the early stage of the industry in which the Issuer operates, the Issuer expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products may increase and the Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

## **Risks Inherent in an Agricultural Business**

The Issuer's business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Issuer 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.

## **Vulnerability to Rising Energy Costs**

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

## **Transportation Disruptions**

Due to the perishable and premium nature of the Issuer's products, the Issuer will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Issuer. Rising costs associated with any courier services to be used by the Issuer to ship its products may also adversely impact the business of the Issuer and its ability to operate profitably.

## **Unfavourable Publicity or Consumer Perception**

The Issuer believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Issuer'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 can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable 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 favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Issuer's products 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.

## **Product Liability**

As a manufacturer and distributor of products designed to be ingested by humans, the Issuer 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 the Issuer's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Issuer's products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury or illness, 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 Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the Issuer's results of operations and financial condition of the Issuer. There can be no assurances that the Issuer 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 Issuer's potential products.

## **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 the Issuer's products are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer 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 Issuer 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. Additionally, if one of the Issuer's significant brands were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

### **Dependence on Suppliers and Skilled Labour**

The ability of the Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

### **Difficulty to Forecast**

The Issuer must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

### **Operating Risk and Insurance Coverage**

The Issuer intends to obtain insurance to protect its assets, operations and employees. While it is anticipated that this insurance coverage will address all material risks to which the Issuer is exposed and is adequate and customary in its current state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Issuer will be exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

### **Environmental and Employee Health and Safety Regulations**

The Issuer'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 Issuer 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 in 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 Issuer'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 Issuer.

**ITEM 9  
REPORTING OBLIGATIONS**

The Issuer is not a “reporting issuer” under the securities legislation of any jurisdiction and, therefore, is not subject to the “continuous disclosure” obligations applicable to reporting issuers under securities legislation.

**We are not required to send you any documents on an annual or ongoing basis.**

**ITEM 10  
RESALE RESTRICTIONS**

**British Columbia, Alberta, Saskatchewan and Nova Scotia**

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

**Manitoba**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

**ITEM 11  
PURCHASERS’ RIGHTS**

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

**Two Day Cancellation Right**

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Issuer by midnight on the second business day after you sign the agreement to buy the securities.

**Statutory Rights in British Columbia, Alberta, Manitoba and Nova Scotia in the Event of a Misrepresentation**

If there is a misrepresentation in this Offering Memorandum and you are a purchaser under securities legislation in British Columbia, Alberta, Manitoba or Nova Scotia, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

The right of action for rescission or damages described in (a) or (b) above is in addition to and does not derogate from any other right that the purchaser may have at law.



This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days of the date of the transaction that gave rise to the cause of action. If you are a purchaser under securities legislation in British Columbia, Alberta or Nova Scotia, you must commence your action for damages within the earlier of: (i) 180 days after you first had knowledge of the facts giving rise to the cause of action; and (ii) three years after the date of the transaction that gave rise to the cause of action. Notwithstanding the foregoing, if you are a purchaser under securities legislation in Nova Scotia, you cannot commence an action to enforce the rights described in (a) or (b) above more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

If you are a purchaser under securities legislation in Manitoba, you must commence your action for damages within the earlier of: (i) 180 days after you first had knowledge of the facts giving rise to the cause of action; and (ii) two years after the date of the transaction that gave rise to the cause of action.

### **Statutory Rights in Saskatchewan in the Event of a Misrepresentation**

If there is a misrepresentation in this Offering Memorandum and you are a purchaser under securities legislation in Saskatchewan, you have a statutory right to sue:

- (a) the Issuer, or a selling security holder on whose behalf the distribution is made, to cancel your agreement to buy these securities, or
- (b) for damages against:
  - 1) the Issuer or a selling security holder on whose behalf the distribution is made;
  - 2) every promoter and director of the Issuer or the selling security holder, as the case may be, at the time this Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered;
  - 3) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them;
  - 4) every person who or company that, in addition to the persons or companies mentioned in clauses (1) to (3), signed this Offering Memorandum or the amendment to this Offering Memorandum; and
  - 5) every person who or company that sells securities on behalf of the Issuer or selling security holder under this Offering Memorandum or amendment to this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days from the day of the transaction that gave rise to the cause of action. You must commence your action for damages before the earlier of (i) one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and (ii) six years after the date of the transaction that gave rise to the cause of action.

**ITEM 12  
FINANCIAL STATEMENTS**

**[see next page]**

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**NATIONAL GREEN BIOMED LTD.**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
AND FOR THE PERIOD FROM  
MARCH 17, 2014 TO DECEMBER 31, 2014

*(Expressed in Canadian Dollars)*

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## INDEPENDENT AUDITORS' REPORT

To the Directors of  
National Green BioMed Ltd.

We have audited the accompanying financial statements of National Green BioMed Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014 and statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2015 and the period from March 17, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of National Green BioMed Ltd. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the year ended in December 31, 2015 and the period from March 17, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about National Green BioMed Ltd.'s ability to continue as a going concern.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada

Chartered Professional Accountants

February 10, 2016

**NATIONAL GREEN BIOMED LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Canadian Dollars)*

	Note	December 31, 2015 \$	December 31, 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		545,778	57,758
GST receivable		<u>2,689</u>	<u>1,574</u>
Total current assets		<u>548,467</u>	<u>59,332</u>
<b>Non-current assets</b>			
Property, plant and equipment	4	181,400	61,850
Intangible assets	5	45,868	6,260
Deferred financing costs		<u>6,553</u>	<u>-</u>
Total non-current assets		<u>233,821</u>	<u>68,110</u>
<b>TOTAL ASSETS</b>		<u><b>782,288</b></u>	<u><b>127,442</b></u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	9(b)	10,383	20,921
Due to consultant	6	28,350	21,787
Loans and accrued interest payable	7	<u>-</u>	<u>27,864</u>
<b>TOTAL LIABILITIES</b>		<u><b>38,733</b></u>	<u><b>70,572</b></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	946,010	120,010
Share subscriptions received	8	187,500	-
Deficit		<u>(389,955)</u>	<u>(63,140)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u><b>743,555</b></u>	<u><b>56,870</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>782,288</b></u>	<u><b>127,442</b></u>

**Nature of Operations and Going Concern** - see Note 1

**Commitment** - see Note 10

These annual financial statements were approved for issue by the Board of Directors on February 10, 2016 and are signed on its behalf by:

/s/ Justin Dhaliwal  
Justin Dhaliwal  
Director

/s/ Nick DeMare  
Nick DeMare  
Director

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

**NATIONAL GREEN BIOMED LTD.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
*(Expressed in Canadian Dollars)*

	Note	Year Ended December 31, 2015 \$	Period from March 17, 2014 to December 31, 2014 \$
<b>Expenses</b>			
Accounting	9(b)	9,500	700
Advertising and web design		800	348
Bank charges		298	99
Consulting	6	40,100	47,275
Corporate development		3,831	-
Filing fees		245	891
Legal		10,883	6,104
Loan interest	7	1,136	2,864
Office and miscellaneous		968	199
Salaries and benefits	9(a)	52,542	-
Travel and related		11,710	-
		<u>132,013</u>	<u>58,480</u>
<b>Loss before income (expenses)</b>		<u>(132,013)</u>	<u>(58,480)</u>
<b>Other income (expenses)</b>			
Donation	10	(200,000)	-
Interest income		4,973	180
Foreign exchange gain		225	160
Write-off of deposit	4(b)	-	(5,000)
		<u>(194,802)</u>	<u>(4,660)</u>
<b>Net loss and comprehensive loss for the period</b>		<u>(326,815)</u>	<u>(63,140)</u>
<b>Basic and diluted loss per Class A Share</b>		<u>(0.02)</u>	<u>(0.02)</u>
<b>Weighted average number of Class A Shares outstanding</b>			
- basic and diluted		<u>16,967,963</u>	<u>3,404,941</u>

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

**NATIONAL GREEN BIOMED LTD.**  
**STATEMENTS OF CHANGES IN EQUITY**  
*(Expressed in Canadian Dollars)*

	Year Ended December 31, 2015				
	Share Capital		Share Subscriptions Received \$	Deficit \$	Total Shareholders' Equity \$
	Number of Class A Shares	Amount \$			
<b>Balance at December 31, 2014</b>	12,000,100	120,010	-	(63,140)	56,870
Class A Shares issued	8,260,000	826,000	-	-	826,000
Share subscriptions received	-	-	187,500	-	187,500
Net loss for the year	-	-	-	(326,815)	(326,815)
<b>Balance at December 31, 2015</b>	<u>20,260,100</u>	<u>946,010</u>	<u>187,500</u>	<u>(389,955)</u>	<u>743,555</u>

	Period from March 17, 2014 to December 31, 2014			
	Share Capital		Deficit \$	Total Shareholders' Equity \$
	Number of Class A Shares	Amount \$		
<b>Balance at March 17, 2014</b>	-	-	-	-
Class A Shares issued	12,000,100	120,010	-	120,010
Net loss for the period	-	-	(63,140)	(63,140)
<b>Balance at December 31, 2014</b>	<u>12,000,100</u>	<u>120,010</u>	<u>(63,140)</u>	<u>56,870</u>

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



**NATIONAL GREEN BIOMED LTD.**  
**STATEMENTS OF CASH FLOWS**  
*(Expressed in Canadian Dollars)*

	Year Ended December 31, 2015 \$	Period from March 17, 2014 to December 31, 2014 \$
<b>Operating activities</b>		
Net loss for the period	(326,815)	(63,140)
Adjustments for:		
Loan interest	1,136	2,864
Write-off of deposit	-	5,000
Changes in non-cash working capital items:		
GST receivables	(1,115)	(1,574)
Accounts payable and accrued liabilities	(1,138)	10,921
Due to consultant	6,563	21,787
<b>Net cash used in operating activities</b>	<u>(321,369)</u>	<u>(24,142)</u>
<b>Investing activities</b>		
Additions to property, plant and equipment	(129,550)	(56,850)
Additions to intangible assets	<u>(39,608)</u>	<u>(6,260)</u>
<b>Net cash used in investing activities</b>	<u>(169,158)</u>	<u>(63,110)</u>
<b>Financing activities</b>		
Issuance of Class A shares	826,000	120,010
Share subscriptions received	187,500	-
Loans received	-	25,000
Repayment of loans and interest	(29,000)	-
Deferred financing costs	<u>(5,953)</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>978,547</u>	<u>145,010</u>
<b>Net change in cash</b>	488,020	57,758
<b>Cash at beginning of period</b>	<u>57,758</u>	<u>-</u>
<b>Cash at end of period</b>	<u>545,778</u>	<u>57,758</u>

Supplemental cash flow information - See Note 13

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

**NATIONAL GREEN BIOMED LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015 AND**  
**PERIOD FROM MARCH 17, 2014 TO DECEMBER 31, 2014**  
*(Expressed in Canadian Dollars)*

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**1. Nature of Operations and Going Concern**

National Green Biomed Ltd. (the "Company") was incorporated under the Business Corporations Act of the Province of British Columbia on March 17, 2014. The Company's head office is located at Suite 140, 4651 Shell Road, Richmond, BC, V6X 3M3 and the registered office is located at Suite 1305 - 1090 West Georgia Street, Vancouver, BC V6E 3V7.

The Company is seeking to become a licensed producer of medical marijuana under Canada's Marihuana for Medical Purposes Regulations ("MMPR") program administered by Health Canada. As at December 31, 2015, the Company does not have a license with the MMPR and no products are in commercial production or use. The Company has not been granted an MMPR license and will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility in Mission, British Columbia. There is a significant risk that the Company will not receive an MMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2015, the Company incurred a loss of \$326,815 and has not earned any revenues since inception. In addition, as at December 31, 2015 the Company has an accumulated deficit of \$389,955. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional funding through private placement financings. Management is of the opinion that it does not have sufficient working capital to fund future operations and will require external financing. There is a risk that financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

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

**2. Basis of Preparation**

***Statement of Compliance***

The Company prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

***Basis of Measurement and Use of Estimates***

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

**NATIONAL GREEN BIOMED LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Basis of Preparation (continued)**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) the estimated fair value of the Company's financial assets and liabilities are, by their nature, subject to measurement uncertainty;
- (ii) the carrying value and recoverable amount of intangible assets;
- (iii) the estimated useful lives of property, plant and equipment which is included in the statements of financial position and the related depreciation included in net income/loss for the period;
- (iv) the inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income; and
- (v) contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

***Operating Segments***

The Company currently operates in one operating segment, being the pursuit of becoming a licensed producer of medical marijuana.

**3. Summary of Significant Accounting Policies**

***Financial Instruments***

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity," or "financial liabilities measured at amortized cost" as follows:

(i) ***Financial Assets***

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized in net loss for the period in which such gains or losses occur. The Company's cash is classified as fair value through profit or loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest rate method. Under this method, all cash flows from these instruments

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**3. Summary of Significant Accounting Policies (continued)**

are discounted, where material, to their present value. Over time, this present value is accreted to the future value of remaining cash flows, and this accretion is recorded as interest income. The Company does not hold any financial assets that are classified as loans and receivables and no financial assets have been classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary. Upon disposal of an available-for-sale financial asset, any accumulated other comprehensive income or loss at the time of disposal is recognized in profit or loss. The Company does not hold any financial assets that have been classified as available-for-sale by the Company.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(ii) *Financial Liabilities*

For financial liabilities classified as other financial liabilities measured at amortized cost using the effective interest rate method, all cash flows from these instruments are discounted, where material, to their present value. Over time, this present value is accreted to the future value of the remaining cash flows, and this accretion is recorded as interest expense. The Company's accounts payable and accrued liabilities, due to consultant and loans and accrued interest payable are classified as other financial liabilities measured at amortized cost, but as the terms of payment are generally of short duration, they are recorded at present value as the impact of discounting is immaterial.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and/or with original maturities of three months or less. As at December 31, 2015 and 2014 the Company did not hold any cash equivalents.

***Property, Plant, and Equipment***

(i) *Recognition and Measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or development of the asset including cost of materials and direct labour and any other costs attributable to bringing the assets to a working condition for their intended use. Where parts of an item or property have different useful lives, they are accounted for as separate items of property, plant, and equipment. The gain or loss on disposal of an item of property, plant or equipment is determined by comparing the proceeds

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**3. Summary of Significant Accounting Policies (continued)**

from disposition with the carrying values and the net gain or loss is presented as a gain/loss on disposal of assets on the statement of income or loss.

(ii) *Depreciation*

Depreciation will be provided using the straight-line method when the asset is available for its intended use. There was no depreciation taken for fiscal 2015 or fiscal 2014.

(iii) *Impairment of Assets*

Long lived assets including plant, equipment, are classified according to the nature of the expenditures and are carried at cost less accumulated depreciation, amortization and accumulated impairment losses. The assets are tested for impairment when there are indicators that the carrying value may exceed the recoverable amount. To test for impairment, assets are allocated to appropriate cash-generating units. Impairment losses are recognized, as identified, in net income/loss.

(iv) *Intangible Assets*

Finite life intangible assets are comprised of domain names, MMPR licensing application, and other items which are recorded at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, and the effects of any changes are reported on a prospective basis. All applications are pending as of December 31, 2015 and, accordingly, no amortization of intangible assets has been taken.

***Deferred Financing Costs***

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

***Share Capital***

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

***Loss per Share***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

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**3. Summary of Significant Accounting Policies (continued)**

*Income Taxes*

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized 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 deferred tax asset will be recovered, the deferred tax asset is not recognized.

*Provisions*

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

*New Standard Not Yet Adopted*

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

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**4. Property, Plant and Equipment**

	<b>December 31, 2015 \$</b>	<b>December 31, 2014 \$</b>
Deposits	160,000	50,000
Site costs	<u>21,400</u>	<u>11,850</u>
	<u>181,400</u>	<u>61,850</u>

(a) *Mission, BC*

In June 2014 the Company entered into a property purchase agreement to purchase a property located in Mission, where the Company intends to develop its growing and production facilities. The purchase price for the property is \$1,200,000. As at December 31, 2015 the Company has paid non-refundable deposits totalling \$110,000 (2014 - \$50,000). The Company is required to pay the balance of the purchase price and complete the purchase of the property on the date which is the earlier of the receipt of its MMPR license or December 31, 2016.

In June 2015 the Company entered into assignment agreements to purchase additional properties located adjacent to the original property in Mission for total consideration of \$925,000. As at December 31, 2015 the Company has paid deposits totalling \$50,000. The Company is required to pay the balance of the purchase price and complete the purchase of these properties on April 14, 2016.

(b) *Langley, BC*

In April 2014 the Company entered into an offer to purchase a property located in Langley and the Company paid an initial deposit of \$10,000. The Company subsequently determined to not proceed with the purchase and received a refund of \$5,000 and the remaining \$5,000 was written off.

**5. Intangible Assets**

As at December 31, 2015 the Company had incurred a total of \$45,868 (2014 - \$6,260) for professional and consulting services provided for the Company's application for its MMPR license.

**6. Consulting Agreement**

Effective March 15, 2014 the Company entered into a consulting agreement with Heed Consultants Ltd. ("Heed"). Pursuant to the agreement, during fiscal 2014 the Company was billed a total of \$43,500 by Heed. Effective January 1, 2015 the Company commenced paying Heed a monthly retainer of \$1,000 per month and the Company was billed \$12,000 by Heed during fiscal 2015. In addition to the base retainers, the Company agreed to pay a further \$25,000 bonus to Heed in the event the Company reached the security clearance stage from Health Canada of the Company's MMPR application. The Company received confirmation of entering the security clearance stage on October 9, 2015 and recorded the consideration in fiscal 2015. As at December 31, 2015, \$27,000 (December 31, 2014 - \$20,750) remained unpaid.

The agreement may be terminated by either party upon 30 days notice.

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**6. Consulting Agreement (continued)**

The Company has also agreed to grant share options to Heed as follows:

- (i) 25,000 Class A shares at \$0.30 per share upon receipt of a building permit; and
- (ii) 25,000 Class A shares at \$0.30 per share upon receipt of MMPR license.

Final terms of the options are yet to be finalized.

**7. Loans and Accrued Interest Payable**

	December 31, 2015 \$	December 31, 2014 \$
Loan, 25% per annum (a)	-	10,000
Loans, 10% per annum (b)	-	15,000
		<u>25,000</u>
Accrued interest payable	-	2,864
	<u>-</u>	<u>27,864</u>

- (a) In March 2014 the Company received a \$10,000 loan from a shareholder of the Company. The loan bore interest at 25% per annum, with principal and interest payable on maturity in one year. During fiscal 2015 the Company recognized \$589 (2014 - \$1,911) in interest expense and repaid the \$10,000 principal and \$2,500 of accrued interest.
- (b) During fiscal 2014 the Company received loans totalling \$15,000 from current and former directors and shareholders of the Company. The loans bore interest at 10% per annum with principal and interest payable on maturity. During fiscal 2015 the Company recognized \$547 (2014 - \$953) in interest expense and repaid the \$15,000 principal amounts and \$1,500 of accrued interest.

**8. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consists of:

- (i) Unlimited Class A Shares, voting without par value
- (ii) Unlimited Class B Shares, non-voting without par value
- (iii) Unlimited Class C Shares, non-voting without par value

(b) *Issuances of Class A Shares*

During fiscal 2014 the Company issued the following:

- (i) on incorporation, 100 Class A Shares were issued at \$0.10 per share for total consideration of \$10; and



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**8. Share Capital** (continued)

- (ii) on October 10, 2014, 12,000,000 Class A Shares were issued at \$0.01 per share for total consideration of \$120,000.

During fiscal 2015 the Company issued a total of 8,260,000 Class A Shares at \$0.10 per share for total consideration of \$826,000. The Company had also received \$187,500 for the issuance of 1,875,000 Class A Shares at \$0.10 per share. The share issuance was completed on January 8, 2016.

- (c) See also Note 6.

**9. Related Party Disclosures**

- (a) During fiscal 2015 the Company paid a salary of \$49,000 (2014 - \$nil) to the President of the Company.

- (b) During fiscal 2015 the Company incurred a total of \$9,500 (2014 - \$700) to Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer of the Company, for accounting and administration services provided by Chase personnel. As at December 31, 2015, \$2,500 (2014 - \$nil) remained unpaid and is included in accounts payable and accrued liabilities.

- (c) See also Note 7.

**10. Commitment**

On January 20, 2015 the Company entered into a gift agreement with the Department of Medicine at the University of British Columbia ("UBC") whereby the Company has agreed to support UBC in its pursuit of academic activities related to the study of cannabinoids in the treatment of HIV disease, pain management, nausea and other health issues. The Company has pledged to donate \$200,000 annually for five years for a total of \$1,000,000. During fiscal 2015 the Company made its first \$200,000 donation. In the event that the Company is unable to fulfil its pledge a director of the Company has agreed to fulfill any remaining pledges due under the gift agreement.

**11. Income Taxes**

A reconciliation of income taxes at the statutory rate with the reported taxes is as follows:

	Year Ended December 31, 2015 \$	Period from March 17, 2014 to December 31, 2014 \$
Loss before taxes for the period	(326,815)	(63,140)
Expected income tax recovery	(85,000)	(16,000)
Change in unrecognized deductible temporary differences	85,000	16,000
Total income tax expense (recovery)	-	-

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**11. Income Taxes (continued)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been recognized on the statement of financial position are as follows:

	2015		2014	
	\$	Expiry Date Range	\$	Expiry Date Range
<b>Temporary differences</b>				
Non-capital losses available for future period	390,000	2033 to 2034	63,000	2033

Tax attributes are subject to review and potential adjustment by tax authorities.

**12. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale; and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2015 \$	December 31, 2014 \$
Cash	FVTPL	545,778	57,758
Accounts payable and accrued liabilities	Other liabilities	(10,383)	(20,921)
Due to consultant	Other liabilities	(28,350)	(21,787)
Loans and accrued interest payable	Other liabilities	-	(27,864)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities, due to consultant and loans and accrued interest payable approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

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**12. Financial Instruments and Risk Management (continued)**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	<b>Contractual Maturity Analysis at December 31, 2015</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	545,778	-	-	-	545,778
Accounts payable and accrued liabilities	(10,383)	-	-	-	(10,383)
Due to consultant	(28,350)				(28,350)

	<b>Contractual Maturity Analysis at December 31, 2014</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	57,758	-	-	-	57,758
Accounts payable and accrued liabilities	(20,921)	-	-	-	(20,921)
Due to consultant	(21,787)				(21,787)
Loans and accrued interest payable	-	(27,864)	-	-	(27,864)

*Interest Rate Risk*

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

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**12. Financial Instruments and Risk Management (continued)**

*Capital Management*

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to identify and evaluate potential business acquisitions and to negotiate acquisitions or participation agreements. 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. The Company defines capital that it manages as share capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**13. Supplemental Cash Flow Information**

Non-cash activities conducted by the Company are as follows:

	Year Ended December 31, 2015 \$	Period from March 17, 2014 to December 31, 2014 \$
Operating activity		
Decrease (increase) in accounts payable and accrued liabilities	<u>9,400</u>	<u>(10,000)</u>
Investing activities		
Property, plant and equipment	<u>(10,000)</u>	<u>10,000</u>
Financing activity		
Deferred financing costs	<u>600</u>	<u>-</u>

**ITEM 13  
DATE AND CERTIFICATE**

Dated: February 10, 2016

**This offering memorandum does not contain a misrepresentation.**

*"Justin Dhaliwal"* (signed)  
Justin Dhaliwal  
President and Acting Chief Executive Officer

*"Nick DeMare"* (signed)  
Nick DeMare  
(Interim) Chief Financial Officer

**On behalf of the Board of Directors**

*"Herb Dhaliwal"* (signed)  
Herb Dhaliwal  
Director

*"David Sidoo"* (signed)  
David Sidoo  
Director