Naturally Splendid Enterprises Ltd.

Unaudited Condensed Consolidated Interim Financial Statements

March 31, 2015

Expressed in Canadian Dollars

Naturally Splendid Enterprises Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	As at March 31, 2015 $	As at December 31, 2014 $
Assets			
Current			
Cash		984,746	25,404
Trade and other receivables	5	63,171	58,266
Inventories	6	352,227	277,773
Advances and prepaid expenses	7	576,627	230,382
Deposit		40,000	40,000
		2,016,771	631,825
Restricted cash	10	17,310	17,310
Property and equipment	11	103,036	99,231
Technology License	8	1,486,428	-
		3,623,545	748,366
Liabilities			
Current			
Trade and other payables	13	110,260	126,882
Capital lease obligation current portion	12	3,361	4,182
		113,621	131,064
Capital lease obligation	12	8,912	8,912
		122,533	139,976
Equity			
Share capital	14	9,931,673	6,403,221
Subscriptions received		90,000	106,920
Reserves	14	1,036,391	355,498
Deficit		(7,557,052)	(6,257,249)
		3,501,012	608,390
		3,623,545	748,366

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON JUNE 1, 2015:

"J. Craig Goodwin" (signed) Director
J. Craig Goodwin

"Peter Hughes" (signed) Director
Peter Hughes

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

Naturally Splendid Enterprises Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

		Three-month period ended March 31,	
	Note	**2015** **$**	**2014** **$**
Revenue		39,493	71,675
Cost of sales		32,616	57,965
Gross profit		6,877	13,710
Selling and distribution expenses			
Commissions and direct selling expenses		-	456
Product development, net of grants		16,674	3,420
Product promotion and trade shows		26,388	41,694
Salaries and wages		25,749	14,431
		68,811	60,001
Administrative expenses			
Accounting and audit		9,800	8,679
Amortization		8,273	6,240
Bank charges and interest		2,302	440
Consulting	9	167,352	10,500
Legal fees		21,009	3,044
Management fees	9	69,279	66,000
Office and general		92,557	46,291
Promotion		62,299	101,075
Share-based payments	14	792,980	169,342
Transfer agent and filing fees		26,444	13,398
Travel		20,778	3,340
		1,273,073	428,349
		(1,335,007)	(474,640)
Foreign exchange gain (loss)		35,204	(78)
Interest income		-	423
Net loss and comprehensive loss for the period		(1,299,803)	(474,295)
Loss per share – basic and diluted		(0.03)	(0.02)
Weighted average number of common shares outstanding		47,613,537	28,857,307

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Naturally Splendid Enterprises Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three-month period ended March 31, 2015	2014
	$	$
Cash flows used in operating activities		
Net loss and comprehensive loss for the period	(1,299,803)	(474,295)
Adjustments to reconcile loss to net cash		
Amortization	8,273	6,240
Share-based payments	792,980	169,342
Changes in non-cash working capital items		
Trade and other receivables	(4,905)	23,880
Inventories	(74,454)	(43,188)
Advances and prepaid expenses	(522,245)	79,781
Trade and other payables	(16,622)	58,136
	(1,116,776)	(180,104)
Cash flows used in investing activities		
Repayment of capital lease	(821)	-
Purchase of property and equipment, net	(12,078)	(13,903)
Acquisition of technology license	(549,000)	-
	(561,899)	(13,903)
Cash flows from financing activities		
Repayments to related parties	-	(3,675)
Proceeds from issuance of shares, net	2,548,017	64,119
Subscriptions received	90,000	-
	2,638,017	60,444
Increase (decrease) in cash	959,342	(133,563)
Cash, beginning of period	25,404	189,667
Cash, end of period	984,746	56,104
Supplemental cash flow information		
Shares issued for technology license	761,428	-
Shares issued for subscriptions received	106,920	-

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

Naturally Splendid Enterprises Ltd.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Common Shares	Share capital ($)	Subscriptions received ($)	Reserves ($)	Deficit ($)	Total equity (deficiency) ($)
Balance at December 31, 2013	28,731,105	4,853,214	-	238,964	(4,461,492)	630,686
Warrants exercised	366,394	64,119	-	-	-	64,119
Reclassify warrants exercised	-	22,533	-	(22,533)	-	-
Share-based payments	-	-	-	169,342	-	169,342
Net loss for the period	-	-	-	-	(474,295)	(474,295)
Balance at March 31, 2014	29,097,499	4,939,866	-	385,773	(4,935,787)	389,852
Balance at December 31, 2014	36,658,999	6,403,221	106,620	355,498	(6,257,249)	608,390
Private placement, net of share issue costs	7,388,582	1,810,292	(106,920)	-	-	1,703,372
Technology license acquisition	2,928,571	761,428	-	-	-	761,428
Warrants exercised	2,625,806	721,645	90,000	-	-	811,645
Options exercised	640,000	123,000	-	-	-	123,000
Reclassify options and warrants exercised	-	112,087	-	(112,087)	-	-
Share-based payments	-	-	-	792,980	-	792,980
Net loss for the period	-	-	-	-	(1,299,803)	(1,299,803)
Balance at March 31, 2015	50,241,958	9,931,673	90,000	1,036,391	(7,557,052)	3,501,012

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

1. Nature of Operations and Going Concern

Naturally Splendid Enterprises Ltd. (formerly Race Capital Corp. ("Race")) (the "Company") was incorporated under the laws of the province of British Columbia on December 21, 2010.

The Company is in the natural food industry and provides food supplements packaged for distribution through grocery stores, health and nutrition stores, and other outlets where consumers purchase health-related products. Materials are sourced in bulk and repackaged at the Company's facility with its unique branding under the Company's name. Current products are hemp-based food items that are both conventional and organic, including whole grains and protein powders. Product sales are supported through a combination of direct sales and distribution channels.

The head office, principal address, and registered and records office is located at 605 - 1166 Alberni Street, Vancouver, British Columbia, Canada V6E 3Z3.

In February 2013, the Company acquired all the issued and outstanding shares of Naturally Splendid Enterprises Ltd. by amalgamation.

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the three-month period ended March 31, 2015, the Company had a net loss of $1,299,803 (2014 - $474,295).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and condensed consolidated interim statement of financial position classifications that would be necessary if the going concern assumption was inappropriate.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements, except as outlined in note 3. These condensed consolidated interim financial statements do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014 prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on the date noted on the Condensed Consolidated Interim Statements of Financial Position.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in note 4. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

These condensed consolidated interim financial statements include the accounts of the following entities:

	Relationship	Percentage
Naturally Splendid Enterprises Ltd.	Parent	100%
Naturally Splendid Enterprises 2013 Ltd.	Subsidiary	100%
Naturally Splendid USA Ltd.	Subsidiary	100%

All intercompany balances and transactions are eliminated on consolidation.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014. The following accounting standard and amendment to existing standards was adopted effective January 1, 2015:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Amends IAS 32 *Financial Instruments:* Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 *Impairment of Assets* to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The adoption of this standard had no effect on the Company's financial position or financial performance.

(Unaudited - Expressed in Canadian Dollars)

4. Financial Instruments

a) Categories of financial instruments

	March 31, 2015 $	December 31, 2014 $
FINANCIAL ASSETS		
Fair value through profit or loss, at fair value		
Cash	984,746	25,404
Loans and receivables, at amortized cost		
Trade and other receivables	49,110	44,699
Restricted cash	17,310	17,310
Total financial assets	1,051,166	87,413
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade and other payables	110,260	126,882
Total financial liabilities	110,260	126,882

b) Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these condensed consolidated interim financial statements to approximate their fair values due to the short-term maturity of these instruments.

c) Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to credit risk consist of cash and trade receivables. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to trade receivables, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits.

(Unaudited - Expressed in Canadian Dollars)

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due.

The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows and matches the maturity dates of its cash to capital and operating needs.

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at March 31, 2015, the Company had working capital of $1,903,150 (December 31, 2014 - $500,761).

Other risk
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk.

The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

5. Trade and Other Receivables

The Company's trade and other receivables arise from two main sources: trade receivables due from customers and Goods and Services Tax/Harmonized Sales Tax ("GST/HST") due from the government authorities. These are as follows:

	March 31, 2015 $	**December 31, 2014 $**
GST/HST receivable	14,061	13,567
Trade receivables *	49,110	44,699
	63,171	58,266

*Trade receivables for 2014 are net of an allowance for bad debts of $27,729. No allowance for doubtful accounts or impairment has been recognized for the March 31, 2015 trade receivables.

(Unaudited - Expressed in Canadian Dollars)

6. Inventories

	March 31, 2015 $	**December 31, 2014 $**
Seed and finished products for resale	116,521	137,427
Containers, labels and raw products	235,706	140,346
	352,227	277,773

7. Prepaid expenses

	March 31, 2015 $	**December 31, 2014 $**
License technology advance[1]	-	176,000
POS Services advance [2]	250,000	-
Investor relations advances [3]	240,000	-
Other	86,657	54,382
	576,627	230,382

[1] As at December 31, 2014, the Company had advanced $176,000 for the acquisition of the License Technology from Boreal Technologies (Note 8).

[2] During the three-month period ended March 31, 2015, the Company advanced $250,000 to POS BPC Manufacturing Corp. for services relating to research of hemp and hemp-based technologies.

[3] During the three-month period ended March 31, 2015, the Company paid $320,000 for investor relation services to be provided over a period of 12 months. As at March 31, 2015, the unamortized portion is $240,000.

8. Technology License

During the quarter ended March 31, 2015, the Company completed the technology acquisition agreement previously announced in November, 2014.

Naturally Splendid USA Ltd. entered into a Novation Agreement with Full Spectrum Laboratories Limited ("FSL"), Boreal Technologies, Inc. ("Boreal") and Naturally Splendid whereby Boreal assigned, and Naturally Splendid USA assumed, all rights, title and interest in and to a Restated and Amended License Agreement (the "License Agreement") between FSL and Boreal. The License Agreement provides that the licensee has a worldwide license to manufacture, commercialize and sell products based on the follow proprietary technology of Full Spectrum:

(a) on an exclusive basis, (i) the terpene, hemp oil and cannabinoid formulation technology, (ii) the omega formulation technology, (ii) protein formulation technology, (iv) the cannabinoid technology, and the (v) the tongkat ali formulations; and

(Unaudited - Expressed in Canadian Dollars)

(b) on a non-exclusive basis, (i) the Supercritical CO_2 and plant oil extraction technology, (ii) genetic plant and artificial seed technology, (iii) biosynthesis of cannabinoids, and (iv) microencapsulation of cannabinoid oils.

Under the terms of the Novation Agreement, Naturally Splendid USA paid CDN $725,000 to Boreal and the Company issued 2,928,571 common shares of the Company valued at the time of closing at $761,428 for a total acquisition cost of $1,486,428 of which $176,000 was prepaid at December 31, 2014. The License Agreement will be amortized over a 15 year period representing the term of the agreement plus one renewal period.

The Company will be required to pay to FSL a 4.5% gross revenue royalty. Commencing on November 17, 2016 and each year thereafter, the Company will be obligated to pay a minimum gross revenue royalty of USD $1.6 million. Notwithstanding the foregoing, no royalties will be payable to FSL on the first CDN $1,750,000 of royalties payable under the License Agreement.

9. Key Management Compensation

The remuneration of directors and other members of key management for the three-month period ended March 31 were as follows:

	2015 $	2014 $
Management fees	69,279	66,000
Consulting fees paid to a company owned by a director	10,500	10,500
Share-based payments (Note 14)	502,865	131,716
	582,644	208,216

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the period.

10. Restricted Cash

The Company has deposited funds in an interest-bearing term deposit with its principal banker as security against corporate credit lines.

(Unaudited - Expressed in Canadian Dollars)

11. Property and Equipment

The changes in the Company's property and equipment for the three-month period ended March 31, 2015 and year ended December 31, 2014 are as follows:

	Computer equipment	Furniture and equipment	Leasehold improvements	Website development costs	Total
	$	$	$	$	$
COST					
As at December 31, 2013	47,079	89,039	4,300	7,500	147,918
Additions	9,393	33,381	15,668	-	58,442
As at December 31, 2014	56,472	122,420	19,968	7,500	206,360
Additions	4,690	7,388	-	-	12,078
As at March 31, 2015	61,162	129,808	19,968	7,500	218,438

	Computer equipment	Furniture and equipment	Leasehold improvements	Website development costs	Total
	$	$	$	$	$
AMORTIZATION AND IMPAIRMENT					
As at December 31, 2013	32,228	36,600	430	7,500	76,758
Additions	14,593	13,177	2,601	-	30,371
As at December 31, 2014	46,821	49,777	3,031	7,500	107,129
Additions	3,470	3,718	1,085	-	8,273
As at March 31, 2015	50,291	53,495	4,116	7,500	115,402

	Computer equipment	Furniture and equipment	Leasehold improvements	Website development costs	Total
	$	$	$	$	$
Net Book Value					
December 31, 2014	14,851	52,439	3,870	-	99,231
March 31, 2015	10,871	76,313	15,852	-	103,036

(Unaudited - Expressed in Canadian Dollars)

12. Capital Lease Obligation

During the year ended December 31, 2014, the Company entered into a lease contract for equipment used in operations. The Company has accounted for this as a capital lease obligation.

The following table summarizes the outstanding obligation:

	March 31, 2015 $	**December 31, 2014 $**
Lease payments due within one year	5,859	5,859
Lease payments due within two to five years	7,383	8,848
Total lease payments	13,242	14,707
Lease payment amounts representing interest	(969)	(1,613)
Present value of net minimum lease payments	12,273	13,094
Current portion	(3,361)	(4,182)
	8,912	8,912

13. Trade and Other Payables

Trade and other payables are non-interest-bearing, unsecured and have settlement dates within one year.

	March 31, 2015 $	**December 31, 2014 $**
Trade payables	110,260	126,882
	110,260	126,882

14. Share Capital

a) Authorized

Unlimited number of common shares and preferred shares without par value.

b) Issued and outstanding

The total issued and outstanding share capital consists of 50,241,958 common shares without par value.

During the three-month period ended March 31, 2015, the Company completed the following transactions:

- 7,388,582 units were issued at a price of $0.25 per unit for gross proceeds of $1,847,132. Each unit was comprised of one common share of the Company and one-half common share purchase warrant ("Warrant"), with each full Warrant entitling the holder to purchase one additional common share at $0.40 per share for a period of two years from the date of the issue. The Company will have the right to accelerate the expiry date of the Warrants if, at any time, the volume weighted average price of the Company's common shares is equal to, or greater than $0.50 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. The Company paid finders cash commissions totaling $36,840 and issued a finder 146,880 non-transferable warrants. Each finder's warrant is exercisable on the same terms as the Warrants described above.
- 2,928,571 common shares of the Company were issued for a fair value of $761,428 to acquire technology (Note 8).
- 640,000 common shares were issued upon the exercise of 640,000 options at a price of $0.19 - $0.20 per share, for gross proceeds of $123,000.
- 2,625,806 common shares upon the exercise of 2,625,806 warrants at a price of $0.25 and $0.30 per share for gross proceeds of $721,645.

During the year ended December 31, 2014 the Company completed the following transactions:

- 6,843,500 units at $0.20 per unit for gross proceeds of $1,368,700. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at $0.30 for a period of two years from date of issue. The Company will have the right to accelerate the expiry of the warrants if at any time the average closing price of the Company's shares is equal to or greater than $0.40 per share for 10 consecutive trading days. In the event of acceleration, the expiry date shall be accelerated to 30 days after the Company issues a news release announcing its election to exercise the acceleration right. The Company paid $109,614 and issued 382,650 finders warrants as finders' fees for the private placement. Each finders warrant is exercisable on the same terms as the warrants attached to the units issued.
- 500,000 common shares upon the exercise of 500,000 options at a price of $0.175 per share for gross proceeds of $87,500.
- 366,394 common shares upon the exercise of 366,394 warrants at a price of $0.175 per share for gross proceeds of $64,119.
- 218,000 common shares upon the exercise of 218,000 warrants at a price of $0.25 per share for gross proceeds of $54,485.

(Unaudited - Expressed in Canadian Dollars)

c) Stock-based compensation

The following is a summary of changes in stock options for the three-month period ended March 31, 2015 and the year ended December 31, 2014:

	March 31, 2015		March 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	2,409,750	$ 0.18	1,750,000	$ 0.175
Options granted	2,050,000	$ 0.40	960,000	$ 0.196
Options exercised	(640,000)	$ 0.19	-	$ 0.175
Options cancelled	-	$ -	-	$ -
Options outstanding and exercisable, end of period	3,819,750	$ 0.30	2,710,000	$ 0.18

The following are the outstanding stock options as of March 31, 2015:

Expiry date	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life in years
March 24, 2016	370,000	$ 0.200	1.48
April 16, 2017	149,750	$ 0.200	1.54
March 4, 2018	1,250,000	$ 0.175	3.43
March 23, 2020	2,050,000	$ 0.40	4.98
	3,819,750		

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During the three-month period ended March 31, 2015, the Company recognized share-based payments expense of $792,980 (2014 - $169,342) in relation to 2,050,000 (2014 - 960,000) stock options granted during the period. The fair value of each option granted was estimated as at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015	**2014**
Risk-free interest rate	0.56%	1.33%
Expected life (years)	5.00	3.47
Annualized volatility	101.27%	92.26%
Expected dividends	-	-
Exercise price	$0.40	$0.20

d) Warrants

A summary of the Company's warrants for the three-month period ended March 31, 2015 is as follows:

	March 31, 2015		**March 31, 2014**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Outstanding, beginning of period	6,487,054	$0.279	3,372,774	$0.240
Issued	3,841,171	0.400	-	-
Exercised	(2,625,806)	0.275	(366,394)	0.175
Expired & cancelled	-	-	(105,726)	0.175
Outstanding, end of period	7,702,419	$0.341	2,900,654	$0.250

	Outstanding warrants	**Exercise price**	**Expiry date**
Common share purchase warrants	1,360,713	$ 0.25	November 1, 2015
	2,192,985	$ 0.30	April 26, 2016
	3,694,291	$ 0.40	February 23, 2017
Agent warrants	307,550	$ 0.30	April 26, 2016
	146,880	$ 0.40	February 23, 2017
	7,702,419		

(Unaudited - Expressed in Canadian Dollars)

e) Reserves

As of March 31, 2015 and December 31, 2014 the reserves of the Company were as follows:

	March 31, 2015 $	December 31, 2014 $
Stock option reserves	1,024,172	343,279
Warrant reserves	12,219	12,219
Total reserves	1,036,391	355,498

15. Commitments

On May 23, 2013, the Company entered into an offer to lease new premises with a lease term commencement date of June 1, 2013, terminating July 31, 2018. The basic rent is payable in advance at a rate of $3,656 per month plus the proportionate share of expenses in respect of operating costs and property taxes amounting to $2,072 per month.

16. Events After the Reporting Period

The Company has evaluated the events occurring subsequent to March 31, 2015 and determined that the following were reportable events:

a. On April 27, 2015, the Company entered into a non-binding letter of intent with POS Holdings Corp. ("POS") whereby the Company and POS have agreed to finalize a definitive agreement (the "Definitive Agreement") setting forth the proposed purchase by the Company of 51% of the issued and outstanding shares of POS BPC Manufacturing Corp. (the "Purchased Shares") from POS. POS BPC Manufacturing Corp. operates a 12,000 square foot production facility (the "BPC Facility").

   Under the proposed terms of the Definitive Agreement, POS will sell the Purchased Shares to the Company and, in consideration, the Company will pay $1,750,000 (the "Cash Payment") to POS and issue $250,000 of common shares of the Company (the "Consideration Shares") at a price equal to the five day average closing price of the common shares of the Company prior to the date of the letter of intent. The parties have agreed that the Consideration Shares will be escrowed for a period of 12 months. After closing of the transaction, each of POS and the Company will have an equal number of directors on POS BPC Manufacturing Corp, and POS will continue to be the operator of the BPC Facility.

   The letter of intent also provides that the Company and POS (or its subsidiaries) will enter into licensing and/or sales agreements whereby the Company will have the right to market, on an exclusive basis, a minimum of five (5) products of POS (the "Exclusive Products") and market, on a non-exclusive basis, additional products of POS (the "Non-Exclusive Products").

b. On April 27, 2015, the Company entered into a management consulting agreement with David Racz, who serves as President of Naturally Splendid Enterprises USA Ltd., the wholly owned Colorado subsidiary of the Company, and as a member of the board of directors of the Company. The management consulting agreement sets forth the services to be provided by Mr. Racz to Naturally Splendid and, in consideration of which, Naturally Splendid will: (i) pay $10,000 per month to Mr. Racz (the "Consulting Fee"), and (ii) issue a total of 625,000 common shares to Mr. Racz over a twelve month period (the "Consulting Shares"). The term of the management consulting agreement is for a period of one year unless terminated earlier by the parties. In the event that management consulting agreement is terminated on or following a "triggering event", Mr. Racz will be entitled to the balance of the Consulting Fee and Consulting Shares for the remaining term of the management consulting agreement.

c. On May 12, 2015, the Company announced a proposed private placement offering of a minimum of 3,000,000 units (the "Units") up to a maximum of 6,000,000 Units at a price of $0.50 per Unit for minimum gross proceeds of $1,500,000 and up to maximum gross proceeds of $3,000,000 (the "Offering"). On May 28th, 2015, the initial tranche of this private placement financing was completed and the Company issued a total of 3,257,300 units (the "Units") for gross proceeds of $1,628,650.

   Each Unit is comprised of one common share and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.75 per share for a period of two years from the date of the issue. The Company will have the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of the Company's common shares is equal to or greater than $1.00 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right.

   In connection with the initial tranche of the financing, the Company paid finders a cash commission totaling $36,532 and issued a total of 73,064 finder's warrants. Each finder's warrant is on the same terms as the Warrants.

d. The Company issued 1,087,375 shares as a result of the exercise of 1,087,375 warrants at prices ranging from $0.25 to $0.30, for gross proceeds of $280,963.