



NatureBank Asset Management Inc.

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

For the three months and nine months ended September 30, 2017

Index	Page
Notice of no Auditor Review	1
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)	4-5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7-8
Notes to Condensed Consolidated Interim Financial Statements	9-17

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The Company’s external auditors, Davidson & Company LLP, have not performed a review of these condensed consolidated interim financial statements.

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Financial Position

At September 30, 2017 and December 31, 2016

(Expressed in Canadian dollars)

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current Assets			
Cash		\$ 513,502	\$ 404,500
Accounts and other receivables	3	624,312	816,853
Inventory	4	575,919	483,715
Prepaid expenses		231,234	279,189
Consideration receivable		1	1
Total Current Assets		1,944,968	1,984,258
Deposits		29,674	29,674
Property and equipment		42,264	43,238
Intangible assets		49,827	83,766
Total Assets		\$ 2,066,733	\$ 2,140,936
Current Liabilities			
Accounts payable and accrued liabilities	5	\$ 1,404,090	\$ 1,571,941
Taxes payable		-	53,021
Provisions	6	1,956,103	1,939,333
Deferred revenue		831,021	499,640
Convertible debentures		640,568	603,784
Total Current Liabilities		4,831,782	4,667,719
Provisions	6	58,188	58,188
Convertible debentures	7	198,827	188,419
Deferred revenue		19,047	19,047
Total Liabilities		5,107,844	4,933,373
Shareholders' Deficiency			
Share capital	8	14,654,255	14,501,255
Subscriptions received		-	290,000
Share-based payment reserve	10	2,675,127	2,490,743
Equity component of convertible debenture		74,048	74,048
Accumulated other comprehensive income		2,446	(8,501)
Deficit		(20,446,987)	(20,139,982)
Total Shareholders' Deficiency		(3,041,111)	(2,792,437)
Total Liabilities and Shareholders' Deficiency		\$ 2,066,733	\$ 2,140,936

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

Approved on behalf of the Board:

"Phil Cull"

Phil Cull, Director

"Alexander Zang"

Alexander Zang, Director

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the nine-month periods ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

	Note	September 30, 2017	September 30, 2016
Revenue		\$ 2,682,615	\$ 2,364,869
Cost of goods sold		823,601	655,892
Gross profit		1,859,014	1,708,977
EXPENSES			
Amortization		9,834	9,124
Amortization of intangible		61,748	50,950
Consulting fees		71,214	163,576
Foreign exchange		(2,191)	21,429
Inventory write-down		-	5,328
Professional, investor and agent fees		105,574	168,594
Research & development, and project costs		-	43,326
Salaries, management fees and benefits		1,200,929	1,706,741
Selling, general and administrative		492,388	576,304
Share-based compensation	10	39,384	-
Total operating expenses		1,978,880	2,745,372
Loss before finance and other items		(119,866)	(1,036,395)
Finance and other items			
Accretion expense	6	(16,999)	(16,999)
Finance costs	7	(80,944)	(92,121)
Gain on settlement of payables		54,699	-
GST recovery		-	42,994
Interest expense		(162,144)	(124,559)
Interest income		69	41,093
Loss on Disposal of Fixed Asset		1,000	-
Other income		76,458	116,595
		(127,861)	(32,997)
Loss before income taxes for the period		(247,727)	(1,069,392)
Current income tax		(59,278)	-
Loss for the period		(307,005)	(1,069,392)
Other Comprehensive Income			
Exchange loss on translation of foreign operations		10,947	(11,844)
Loss and comprehensive loss for the period		\$ (296,058)	\$ (1,081,236)
Loss per share		\$ (0.006)	(0.022)
Weighted average number of shares outstanding		52,348,658	44,973,375

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three-month periods ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

	Note	September 30, 2017	September 30, 2016
Revenue		\$ 1,029,951	\$ 708,760
Cost of goods sold		390,639	224,260
Gross profit		639,312	484,500
EXPENSES			
Amortization		3,709	3,216
Amortization of intangible		33,256	10,850
Consulting fees		24,600	58,556
Foreign exchange		1,232	(18,919)
Inventory write-down		-	5,328
Professional, investor and agent fees		31,541	52,975
Research & development, and project costs		-	3,581
Salaries, management fees and benefits		420,004	602,161
Selling, general and administrative		196,450	180,423
Total operating expenses		710,793	898,171
Loss before finance and other items		(71,481)	(413,671)
Finance items			
Accretion expense	6	(5,729)	(5,729)
Finance costs	7	(22,782)	(33,918)
Interest expense		(53,372)	(52,446)
Interest income		69	13,104
Other income		25,269	23,070
		(56,545)	(55,919)
Income (Loss) before income taxes for the year		(128,026)	(469,590)
Current income tax		(20,185)	-
Loss for the period		(148,211)	(469,590)
Other Comprehensive Income			
Exchange gain (loss) on translation of foreign operations		(486)	4,001
Loss and comprehensive loss for the period		\$ (148,697)	\$ (465,589)
Income(Loss) per share		\$ 0.003	(0.01)
Weighted average number of shares outstanding		52,631,076	49,408,824

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Changes in Equity
For the nine-month periods ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

	Share Capital		Subscriptions received	Share-based payment reserve	Equity component of debentures	Accumulated other comprehensive income	Deficit	Total
	Number	Amount						
Balance at December 31, 2015	42,475,052	\$ 14,169,940	\$ -	\$ 2,468,208	\$ 41,489	\$ 5,291	\$ (18,225,875)	\$ (1,540,947)
Issuance of shares for business combination	5,181,500	181,353	-	-	-	-	-	181,353
Issuance of shares for asset acquisition (Note 3)	1,874,524	149,962	-	-	-	-	-	149,962
Equity component of convertible debenture	-	-	-	-	78,446	-	-	78,446
Exchange gain on translation of foreign operations	-	-	-	-	-	(11,844)	-	(11,844)
Loss for the period	-	-	-	-	-	-	(1,069,392)	(1,069,392)
Balance at September 30, 2016	49,531,076	14,501,255	-	2,468,208	119,935	(6,553)	(19,295,267)	(2,212,422)
Subscription received	-	-	290,000	-	-	-	-	290,000
Share-based compensation	-	-	-	22,535	-	-	-	22,535
Equity component of convertible debenture	-	-	-	-	(45,887)	-	-	(45,887)
Exchange gain on translation of foreign operations	-	-	-	-	-	(1,948)	-	(1,948)
Loss for the period	-	-	-	-	-	-	(844,715)	(844,715)
Balance at December 31, 2016	49,531,076	14,501,255	290,000	\$ 2,490,743	\$ 74,048	(8,501)	(20,139,982)	(2,792,437)
Issuance of shares for private placement	2,900,000	145,000	(290,000)	145,000	-	-	-	-
Issuance of shares to settle debt	200,000	8,000	-	-	-	-	-	8,000
Share-based compensation	-	-	-	39,384	-	-	-	39,384
Exchange gain on translation of foreign operations	-	-	-	-	-	10,947	-	10,947
Loss for the period	-	-	-	-	-	-	(307,005)	(307,005)
Balance at September 30, 2017	52,631,076	\$ 14,654,255	\$ -	\$ 2,675,127	\$ 74,048	\$ 2,446	\$ (20,446,987)	\$ (3,041,111)

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Cash Flow
for the nine-month periods ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Cash provided by (used in) continuing operating activities:		
Loss for the period	\$ (296,058)	\$ (1,069,392)
Items not involving cash:		
Accretion expense	16,999	16,999
Accrued interest expense	155,631	107,443
Amortization of equipment	8,835	9,124
Amortization of intangibles	61,747	50,950
Finance costs on convertible debt	80,944	92,121
Gain on settlement of payables	(54,699)	
Interest income	-	(41,036)
Share-based compensation	39,384	-
Unrealized foreign exchange	(3,896)	24,964
Changes in non-cash operating working capital:		
Accounts and other receivables	215,920	92,132
Inventory	(90,496)	(171,214)
Prepaid expenses and deposits	48,539	(36,726)
Accounts payable and accrued liabilities	(293,134)	355,972
Provisions	(229)	(9,510)
Deferred Revenue	328,956	772,861
Net cash flows used in operating activities	138,870	194,688
Investing activities provided by (used in):		
Cash paid for distribution rights		(25,000)
Acquisition of equipment	(7,233)	(16,934)
Consideration received from WWC	-	24,510
Payment for business combination	-	(24,510)
Net cash used in investing activities	(7,233)	(41,934)
Financing activities		
Convertible debenture payment	-	(125,000)
Interest paid on provisions	-	(83,748)
Proceeds from convertible debentures, net of issuance costs	-	350,000
Interest paid on convertible debentures	(15,750)	(26,347)
Net cash provided by financing activities	15,750	114,905
Impact of exchange rate changes on cash	(6,886)	(144)
Increase (decrease) in cash	109,002	267,515
Cash, beginning of period	404,500	188,116
Cash, end of period	\$ 513,502	\$ 455,631

NatureBank Asset Management Inc.

Condensed Consolidated Interim Statements of Cash Flow
for the nine-month periods ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

Supplemental disclosures and non-cash transactions relating to financing and investing activities:

	September 30, 2017	September 30, 2016
Accrued interest on convertible debt	41,485	-
Equity component of convertible debenture	-	78,446
Obligation to issue shares	-	(181,353)
Issuance of shares for asset acquisition	-	149,962
Interest on provisions included in accounts payable and accrued liabilities	143,146	-

1. Nature and Continuance of Operations

NatureBank Asset Management Inc. (the “Company”) was incorporated under the Business Corporations Act (BC). The Company’s head office, principal address, and registered and records office is located at Unit 300-948 Homer Street, Vancouver, British Columbia, V6B 2W7, Canada.

The Company’s primary business is the sourcing, financing, development and commercialization of sustainable commodities across the agro-forestry and carbon sectors.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business and continue operations for the next twelve months.

The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company has negative working capital at September 30, 2017 and may require additional funding and/or profitable operations for the upcoming year. Material uncertainties related to the Company’s ability to secure additional funding or deliver profitable operations may cast significant doubt on the entity’s ability to continue as a going concern. Realizable values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. General Information and Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared on a basis consistent with the accounting policies applied for the year ending December 31, 2016 and follow the same accounting policies and methods of application as the 2016 annual consolidated financial statements. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected notes are included that are significant to understanding the Company’s financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2016.

Where applicable, comparative figures have been reclassified to conform to the presentation used in the current period.

These condensed consolidated interim financial statements were approved by the Board of Directors on November 29, 2017.

3. Accounts and Other Receivables

	September 30, 2017	December 31, 2016
Trades receivables	\$ 433,797	\$ 737,557
Government sales tax receivable and value added tax receivable	-	50,122
Income tax receivable	31,553	50,122
Other receivables	158,962	29,174
Total	\$ 624,312	\$ 816,853

4. Inventory

	September 30, 2017	December 31, 2016
Work-in-Process		
Project development costs	\$ 476,685	\$ 411,691
Finished Goods		
VERs	99,234	72,024
Total	\$ 575,919	\$ 483,715

5. Accounts payable and accrued liabilities

	September 30, 2017	December 31, 2016
Trade payables	\$ 683,035	\$ 795,701
Accrued liabilities	638,177	693,678
Government sales tax payable and value added tax	82,878	82,565
Total	\$ 1,404,090	\$ 1,571,941

6. Provisions, Long and Short Term

	September 30, 2017			December 31, 2016		
	Short term	Long term	Total	Short term	Long term	Total
Maintenance & Monitoring	\$ 53,221	\$ 58,188	\$ 111,409	\$ 53,450	\$ 58,188	\$ 111,638
Future purchase consideration	1,902,882	-	1,902,882	1,885,883	-	1,885,883
Total	\$ 1,956,103	\$ 58,188	\$ 2,014,291	\$ 1,939,333	\$ 58,188	\$ 1,997,521

6. Provisions, Long and Short Term (cont'd)

		Maintenance, Monitoring, & Reporting	Future Purchase Consideration	Total
Balance, December 31, 2016	\$	111,638	\$ 1,885,883	\$ 1,997,521
Incurred during the period		(229)	-	(229)
Interest accretion		-	16,999	16,999
Balance, September 30, 2017	\$	111,409	\$ 1,902,882	\$ 2,014,291

7. Debentures

	Debenture A	Debenture B	Debenture C	Debenture D	Debenture E	Debenture F	TOTAL
First Tranche							
Amount at date-of-issue	\$ 232,892	\$ 94,504	\$ 211,751	\$ -	\$ -	\$ -	\$ 539,147
Second Tranche							
Amount at date-of-issue	-	-	-	38,793	193,970	38,793	271,556
Accretion	33,768	9,729	21,141	3,528	12,182	2,896	83,244
Payments	-	-	-	-	(125,000)	-	(125,000)
Equity Component Adjustment	-	-	-	-	25,492	-	25,492
Gain on early Redemption	-	-	-	-	(2,236)	-	(2,236)
Balance, December 31, 2016	266,660	104,233	232,892	42,321	104,408	41,689	792,203
Accretion	13,340	6,384	14,875	2,791	7,008	2,794	47,192
Balance, September 30, 2017	\$ 280,000	\$ 110,617	\$ 247,767	\$ 45,112	\$ 111,416	\$ 44,483	\$ 839,395

During the period ended September 30, 2017, the Company recorded finance costs of \$80,944 which includes accretion of \$47,191 and accrued interest of \$33,753 in relation to the above listed debentures.

Debenture A – Due to liquidity constraints, the Company was unable to pay both the principal (\$280,000) and Interest (\$14,000) which came due on July 27th, 2017. The Company is in negotiations with WBZ (the debenture holder and a significant shareholder of the Company with two directors in common).

8. Share Capital

(a) Authorized:

Unlimited common shares without par value.

(b) Issued

The Company closed a non-brokered private placement for \$290,000 at \$0.10 per unit (the "Offering") on the January 19, 2017. The Offering was composed of 2,900,000 units of the Company, with each unit consisting of one common share and one full share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.15 per share for a period of 12 months following the date of closing of the Offering. Total cash received was \$290,000.

On April 20, 2017, the Company issued 200,000 common shares at a fair market value price of \$0.04 to settle an outstanding trade payable to the value of \$10,000, resulting in a gain on settlement of \$2,000.

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price
Outstanding, December 31, 2015	3,488,000	\$0.30
Expired	(1,488,000)	0.17
Outstanding, December 31, 2016	2,000,000	\$0.40
Issued	5,900,000	0.12
Expired	(2,000,000)	0.40
Outstanding, September 30, 2017	5,900,000	\$0.12

At September 30, 2017, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,900,000	\$0.15	January 20, 2018
3,000,000	\$0.10	March 31, 2018

10. Share Options

The following table summarizes the continuity of the Company's share options at September 30, 2017:

	Number of options	Weighted Average exercise price
Outstanding, December 31, 2015	3,475,000	\$ 0.10
Granted	300,000	0.10
Forfeited or expired	(850,000)	0.10
Outstanding, December 31, 2016	2,925,000,	0.10
Granted	1,075,000	0.10
Forfeited or expired	200,000	0.10
Outstanding, September 30, 2017	3,800,000	\$ 0.10

During the nine-months ending September 30, 2017, the Company recognized \$39,384 (2016 - \$nil) in share-based compensation for share options that were granted during the period.

Options outstanding and exercisable as at September 30, 2017 were as follows:

Expiry Date	Number of Options Outstanding	Exercise Price	Number of Options Outstanding and Exercisable	Remaining Life (years)
January 10, 2018	700,000	0.10	700,000	0.28
January 25, 2018	275,000	0.10	275,000	0.32
September 30, 2018	150,000	0.10	150,000	1.1
April 8, 2019	1,300,000	0.10	1,300,000	1.52
July 14, 2021	300,000	0.10	300,000	3.79
April 22, 2022	1,075,000	0.10	1,075,000	4.56
Total	3,800,000		3,800,000	
Weighted Average Fair Value of Options Granted				2015 - \$ nil 2016 - \$0.08

11. Related Party Transactions and Balances

The remuneration of directors and key management personnel during the nine and three months ended September 30, 2017 and 2016 are as follows:

Nine Months Ended September 30	2017		2016	
Salaries, management fees and benefits	\$	542,744	\$	596,461
Share-based payments (i)		23,813		-

Three Months Ended September 30	2017		2015	
Salaries, management fees and benefits	\$	184,522	\$	216,182
Share-based payments (i)		-		-

- (i) Share-based payments are the fair value of options granted to key management personnel and vested during the period.

Amounts due to/from related parties at September 30, 2017 and December 31, 2016 included in accounts & other receivables, accounts payable and accrued liabilities are as follows:

	September 30, 2017		December 31, 2016	
Due from related parties	\$	12,607	\$	126,836
Due to related parties		574,261		598,400
Accrued debenture interest due to related party		33,983		20,149

Included in accounts payable and accrued liabilities at September 30, 2017 is \$22,113 (December 31, 2016 - \$74,366) due to a company with two directors in common and is a significant shareholder of the Company. Additionally, included in Current Debenture Interest is \$33,983 (December 31, 2016 - \$20,149) of which \$24,445 is overdue.

During the nine months and three months ended September 30, 2017, sales revenues of \$129,023 and \$106,124 respectively (2016 - \$663,3014 and \$198,763) was recognized from a customer who has one director in common and is a significant shareholder of the Company. Included in receivables is \$nil (December 31, 2016 - \$126,639) and included in payables is \$20,731 (December 31, 2016 - \$nil).

During the nine months and three months ended September 30, 2017, sales revenue of \$101,228 and \$44,292 (2016 - \$nil and \$nil) was recognized from a customer with two owners being directors of the Company, one of which is a significant shareholder of the Company. Included in accounts and other receivables at September 30, 2017 is \$12,607 (2016 -- \$nil).

12. Related Party Transactions and Balances (cont'd)

Included in payables and accrued liabilities at September 30, 2017 is \$95,430 (December 31, 2016 – \$95,430) due to a company whose significant shareholder is a director of the company.

Included in payables and accrued liabilities at September 30, 2017 is \$124,731 (December 31, 2016 -- \$286,465) due to a company who has a director in common and is the former CEO of the Company.

Included in payables and accrued liabilities at September 30, 2017 is \$202,165 (December 31, 2016 - \$59,019) due to a company whose CFO is a director of the Company.

13. Revenues

Nine Months Ended September 30	2017		2016	
Sale of VERs	\$	1,143,738	\$	691,160
Consulting		1,538,857		1,658,119
Management fees		20		15,590
Total	\$	2,682,615	\$	2,364,869

Three Months Ended Sept 30	2017		2016	
Sale of VERs	\$	416,301	\$	408,316
Consulting		613,650		289,794
Management fees		-		10,650
Total	\$	1,029,951	\$	708,760

14. Segmented Information

The Company has one reportable segment, being that of the development and sale of VERs.

Revenues

Nine Months Ended September 30	2017		2016	
Canada	\$	968,690	\$	742,186
Europe		1,031,263		573,196
USA		220,638		491,385
South & Central America		441,275		427,629
Other		20,749		130,473
Total	\$	2,682,615	\$	2,364,869

Three Months Ended September 30	2017		2016	
Canada	\$	128,009	\$	181,412
Europe		539,996		271,462
USA		142,658		131,090
South & Central America		219,163		70,368
Other		125		54,428
Total	\$	1,029,951	\$	1,039,813

The Company had concentrated revenues as follows:

Nine Months Ended September 30	2017	2016
Forest Finance Service GmbH and related Co.'s.	8%	26%
Customer A	10%	15%
Other	82%	59%
	100%	100%

Three Months Ended September 30	2017	2016
Forest Finance Service GmbH and related Co.'s.	14%	22%
Customer A	1%	1%
Customer B	-	12%
Other	85%	65%
	100%	100%

The Company is actively working to diversify its product and customer base in order to mitigate the risk of economic dependency.

15. Events After the Reporting Date

Debenture B matured on November 10, 2017 and due to liquidity constraints, the Company was unable to pay the principal (\$111,575) and interest (\$10,042).

On November 2, 2017, WWC made payment in full (principal: US \$390,000; interest: US \$106,755) of the outstanding consideration receivable related to the Interest in Maid Ndombe REDD Joint Venture. In 2016, the Company had written the receivable down to \$1.

In November 2017, the Company made payments totaling \$564,981 to the Third Party Seller. The payments were applied as follows: \$221,300 applied to overdue interest payments recorded in accounts payable and accrued liabilities; \$343,682 applied against the Second Cash Payment originally due on or before December 30, 2013 and extended to December 30, 2017.