CONSOLIDATED FINANCIAL STATEMENTS OF

Element Lifestyle Retirement Inc.

For the Three and Nine Months ended February 29, 2016
(Unaudited)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accomplished by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting. The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Charted Accountants for a review of interim financial statements by an entity's auditor.

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)
AS AT

(in Canadian dollars)		**February 29, 2016**		May 31, 2015
ASSETS				
Current				
Cash	$	**4,248,903**	$	751,165
Accounts receivable		**-**		43,750
Advance to Employees *(Note 9)*		**1,000**		-
Other accounts receivable		**3,624**		-
Prepaid Expenses		**870**		870
		4,254,396		795,785
Capital assets		**76,343**		99,179
Deferred income tax asset		**131,850**		131,850
Total Assets	$	**4,462,589**	$	1,026,814
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**42,089**	$	156,842
Deferred revenue (*Note 9*)		**500,000**		-
Due to related party (*Note 9*)		**-**		200,000
GST payable		**7,380**		52,366
		549,469		409,208
SHAREHOLDERS' EQUITY				
Common shares *(Note 7)*		**6,315,547**		500,000
Preferred shares *(Note 7)*		**-**		515,000
Share issurance costs *(Note 7)*		**(298,534)**		(30,000)
Warrants *(Note 7)*		**25,757**		-
Deficit		**(2,129,650)**		(367,394)
		3,913,120		617,606
Total liabilities and shareholders' equity	$	**4,462,589**	$	1,026,814

Nature and Continuance of Operations (Note 1)

On behalf of the Board

"Don Ho" Director

"Bo Jun Diao" Director

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

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS
(UNAUDITED)

(in Canadian dollars)	**Three Months Ended** **February 29, 2016**	Three Months Ended February 28, 2015	**Nine Months Ended** **February 29, 2016**	Nine Months Ended February 28, 2015
REVENUE				
Consulting fees	$ **1,000,000**	$ 543,750	$ **1,143,389**	$ 1,572,917
EXPENSES				
Advertising and promotion	**15,145**	6,625	**55,288**	31,054
Amortization	**10,454**	-	**29,356**	-
Bank charges	**179**	275	**858**	807
Conference, meeting and events	**5,000**	-	**8,265**	6,689
Consulting fees	**21,285**	-	**99,840**	175
Filing fees	**10,929**	-	**50,429**	-
Hiring expenses	**16,965**	-	**16,965**	-
Insurance	**12,790**	1,475	**16,845**	1,475
Meals and Entertainment	**10,083**	4,328	**17,750**	28,423
Office expenses	**5,523**	6,820	**16,087**	18,058
Property investigations and consulting	**40,833**	-	**163,080**	-
Professional fees	**72,691**	1,860	**96,892**	53,476
Rent	**17,654**	14,780	**52,732**	23,224
Salaries and wages	**290,028**	300,511	**899,531**	787,249
Subcontract	**36,500**	28,775	**44,514**	109,750
Telephone & Utilities	**2,809**	4,562	**12,860**	7,098
Training	**785**	-	**2,981**	8,227
Travel	**21,183**	25,068	**122,936**	41,552
Website costs	**449**	1,989	**1,427**	46,705
	591,285	397,067	**1,708,636**	1,163,962
OTHER INCOME AND EXPENSES				
Interest income	**-**	-	**2,617**	-
Transaction costs - RTO (*Note 10*)	**(1,199,625)**	-	**(1,199,625)**	-
	(1,199,625)	- -	**(1,197,008)** -	-
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ **(790,910)**	$ 146,683	$ **(1,762,256)**	$ 408,955
Basic and Diluted Income (Loss) per Common Share	$ **(0.0150)**	$ 1,466.83	$ **(0.0525)**	$ 4,089.55
Weighted Average Number of Shares Outstanding	**52,782,384**	100	**33,559,113**	100

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

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)
FOR THE PERIOD ENDED FEBRUARY 29, 2016

	Common shares Outstanding	Paid-in Capital	Preferred shares Outstanding	Paid-in Capital	Share Issuance costs	Deficit	Total
		$		$	$	$	$
Balance as of May 31, 2014	100	10	-	-	-	(286,153)	(286,143)
Net income (Loss)	-	-	-	-	-	408,955	408,955
Balance as of February 28, 2015	100	10	-	-	-	122,802	122,812

	Common shares Outstanding	Paid-in Capital	Preferred shares Outstanding	Paid-in Capital	Warrants	Share Issuance costs	Deficit	Total
		$		$		$	$	$
Balance as of May 31, 2015	24,000,000	500,000	7,900,000	515,000		(30,000)	(367,394)	617,606
Share issuance cost	-	-	-	-		(268,534)	-	(268,534)
Preferred shares exchanged to Common shares	7,900,000	515,000	(7,900,000)	(515,000)				-
Shares issued pursuant to Private Placement *(Note 7)*	17,300,000	4,325,000						4,325,000
Shares of Sonoma at the RTO date *(Note 10)*	3,902,188	975,547						975,547
Warrants fair value *(Note 7)*					25,757			25,757
Net income (Loss)	-	-	-	-		-	(1,762,256)	(1,762,256)
Balance as of February 29, 2016	53,102,188	6,315,547	-	-	25,757	(298,534)	(2,129,650)	3,913,120

Supplemental disclosure with respect to shareholders' equity (Note 7)

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

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
CASH FLOWS USED IN OPERATING ACTIVITIES				
Income (Loss) for the period	$ **(790,910)**	$ 146,683	$ **(1,762,256)**	$ 408,955
Items not affecting cash:				
Amortization	**10,454**	-	**29,356**	-
Warrants	**25,757**	-	**25,757**	-
Fair value of Sonoma's shares *(Note 10)*	**975,547**	-	**975,547**	-
Changes in non-cash working capital:				
Accounts receivable	**13,125**	(58,644)	**43,750**	(196,009)
Other accounts receivable	**71,103**	-	**(3,624)**	-
Advance	**(1,000)**	-	**(1,000)**	43,500
Prepaid expenses	**27,500**	5,132	**-**	4,438
Tax Receivables	**9,366**	21,816	**(44,986)**	67,324
Accounts payable and accrued liabilities	**(65,603)**	11,835	**(114,753)**	25,475
Deferred revenue	**-**	-	**500,000**	-
Net cash used in operating activities	**275,339**	**126,821**	**(352,208)**	**353,682**
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of capital assets	**(3,257)**	(65,576)	**(6,520)**	(101,449)
Net cash used in investing activities	**(3,257)**	(65,576)	**(6,520)**	(101,449)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Issuance of common shares - private placement	**4,325,000**	-	**4,325,000**	-
Due from related party	**(196,976)**	3,535	**(200,000)**	35,333
Share issuance costs	**(253,700)**	-	**(268,534)**	-
Net cash used in financing activities	**3,874,324**	3,535	**3,856,466**	35,333
CHANGE IN CASH DURING THE PERIOD	**4,146,406**	64,781	**3,497,738**	287,567
CASH, BEGINNING OF THE PERIOD	**102,497**	319,524	**751,165**	96,738
CASH, END OF THE PERIOD	$ **4,248,903**	$ 384,305	$ **4,248,903**	$ 384,305

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Element Lifestyle Retirement Inc. (the "Company" or "ELM") was incorporated under the Business Corporations Act (British Columbia) on June 12, 2013. On December 2, 2015, The Company and its securityholders (the "ELM Securityholders") completed a Share Exchange Agreement with Sonoma Resources Inc. ("Sonoma"), a public company listed on TSX Venture Exchange (the "Exchange"), pursuant to which the ELM Securityholders transferred all of their common shares and preferred shares of the Company in exchange for common shares of Sonoma on a 1:1 ratio. The transaction resulted in the former ELM Securityholders owning approximately 60% of the issued and outstanding common shares of the resulting issuer, and therefore constituted a Reverse Takeover (the "RTO") under the policies of Exchange. The ongoing entity has adopted the name Element Lifestyle Retirement Inc. on December 2, 2015 and resumed Trading in the common shares of the Company on the TSXV, under the new name and symbol (ELM) on December 4, 2015. The former Element Lifestyle Retirement Inc. has been identified for accounting purposes as the acquirer, now a wholly-owned subsidiary of the Company, has changed its name to Element Lifestyle Management Inc. and accordingly the entity is considered to be a continuation of ELM.

The Company provides specialized development expertise and flexible, innovative management services for senior retirement communities. The head office of the Company is located at 1147 Homer Street, Vancouver, BC, V6B 2Y1.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Element Lifestyle Management Inc. (formerly known as Element Lifestyle Retirement Inc.)

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operations for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

During the period ended February 29, 2016, the Company incurred losses of $790,910 mainly due to $1,049,625 of the transaction costs from RTO. However, the Company experienced positive operating cash flows of $275,339. The Company expects to generate income in the development of its business. Management has estimated that the Company will meet its obligations and maintain its operations to support of its creditors and realize profits from future operations.

As of February 29, 2016 and May 31, 2015, the Company reported the following:

	February 29, 2016	May 31, 2015
Net loss for the period	**$(790,910)**	$(81,241)
Deficit	**2,129,650**	367,394
Working capital	**3,704,927**	386,577

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended May 31, 2015, except as noted below. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. These condensed consolidated interim financial statements were authorized for issue by the Audit Committee on March 31, 2016.

3. BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared using the historical cost convention, except for derivatives, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

In preparing these condensed consolidated interim financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited financial statements for the year ended May 31, 2015.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements for the year ended May 31, 2015.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9, Financial Instruments ("IFRS 9") IFRS 9 is tentatively effective for years commencing on or after January 1, 2018, and will replace IAS 39, Financial Instruments: Recognition and Measurement. Under IFRS 9, financial assets and liabilities will be classified and measured based on the business model in which they are held and the characteristics of the associated contractual cash flows. IFRS 9 also includes a new general hedge accounting standard which will better align hedge accounting and risk management.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") IFRS 15 is effective for years commencing on or after January 1, 2017, and replaces IAS 11, Construction Contracts; IAS 18, Revenue; IFRIC 13, Customer Loyalty Programmes; IFRIC 15, Agreements for the Construction of Real Estate; IFRIC 18, Transfer of Assets from Customers; and Standing Interpretations Committee ("SIC") 31, Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not yet been determined.

6. FINANCIAL INSTRUMENTS

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	February 29, 2016	May 31, 2015
Financial Assets:					
Cash	$ 4,248,903	-	-	$ **4,248,903**	$ 751,165
Accounts receivable	-	-	-	-	43,750
Other accounts receivable	3,624	-	-	**3,624**	-
Financial Liabilities:					
Accounts payable and accrued liabilities	$ 42,089	-	-	$ **42,089**	$ 156,842
Due to related party	-	-	-	-	200,000

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The Company assesses collectability of specific accounts receivable and also assesses the requirement for a provision based on historical experience.

Liquidity Risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments.

As at February 29, 2016, the Company had a positive working capital of $3,704,927 (May 31, 2015: $386,577). To support the Company's working capital, the Company had successfully financed $4.325 million through private placements as at December 2, 2015.

7. SHARE CAPITAL

Authorized: unlimited number of common shares with no par value.

Issued: Recently issued shares comprise the following:

a) Common shares

On August 27, 2015, the Company issued 31,900,000 common shares in the capital of the Company (the "RTO Shares") to exchange all of the issued and outstanding securities of Element. Concurrent with the closing of the Transaction, the Company completed a private placement of 17,300,000 shares (the "Financing Shares") at $0.25 per share for gross proceeds of $4,325,000 (the "Financing").

The Company paid the Agent, at the closing of the transaction, a $140,000 cash commission and granted 560,000 Agent's Warrants. Each Agent's Warrant will be exercisable to acquire one additional the Company's Share for a term of 12 months from the closing of the Private Placement at a price of $0.25 per ELM Share. The Agent's warrants have a deemed value of $25,757. In addition, the Company paid an additional share issuance costs of $102,568, including Agent an administration fee and corporate finance fee, legal and filing fees.

b) Escrow Shares and resale restrictions

All of the RTO Shares are subject to escrow and resale restrictions, including being subject to a 3-year escrow restriction under a voluntary pooling agreement. The Financing Shares are subject to a four month hold period expiring on April 2, 2016.

c) Warrants

560,000 warrants were issued during the three months ended February 29, 2016. .A summary of activity and changes in Warrants during the fiscal year ended May 31, 2015 and the nine months ended February 29, 2016 is presented below:

		Warrants @ $0.25 [1]	Total
Balance, May 31, 2015	-	-	-
Issued–Private Placement Warrants		560,000	560,000
Balance, February 29, 2016	-	560,000	560,000

(1) Exercisable at a price of $0.25 per share until December 2, 2016, granted pursuant to Private Placement.

The fair value of share purchase warrants granted pursuant to the private placement was estimated to be $25,757 using the Black-Scholes Option Pricing Model with the following assumptions: share price of $0.25 at issuance date, risk-free interest rate of 0.46%, dividend yield of 0%, volatility of 46% and expected life of approximately 1 years.

8. KEY MANAGEMENT COMPENSATION

The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures.

	Three Months Ended		**Nine Months Ended**	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
Salaries and short-term employee benefits	**$ 224,250**	$ 211,382	**$ 831,938**	$ 769,399
Total	**$ 224,250**	$ 211,382	**$ 831,938**	$ 769,399

9. RELATED PARTY TRANSACTIONS

For the three months ended February 29, 2016, the Company received consulting fees of $1,000,000 (2015: $500,000) from a company controlled by a certain senior officer and director.

For the three months ended February 29, 2016, the Company paid the subcontract fees of $12,500 (2015: $nil) to a certain senior officer, consulting fees of $15,375 (2015: $nil) to a certain director and subcontractor fees of $nil (2015: $17,700) to certain senior officers. In addition, the Company paid the rent of $17,654 (2015: $14,780) to a company controlled by one of the key executives and directors.

For the three months ended February 29, 2016, the Company repaid the loan of $200,000 (2015: $nil) to a company controlled by one of the key executives and directors.

For the three months ended February 29, 2016, the Company advanced $1,000 (2015: $nil) to a certain senior officer and director for his travel expenses.

As at February 29, 2016, $500,000 of deferred revenue from a company controlled by a certain senior officer and director is still outstanding.

10. REVERSE TAKEOVER TRANSACTION

Sonoma and Element entered into an agreement on August 28, 2015 whereby Sonoma was to acquire all of the issued and outstanding shares of Element by way of the issuance of 31,900,000 common shares of Sonoma to the shareholders of Element. The shares will be exchanged on the basis of one common share of Sonoma at a deemed price of $0.25 per share for every one common share and one preferred share of Element. The deemed purchase price for the transaction will be $7,975,000. However, the actual purchase price for the transaction for accounting purposes will be ($74,078), which represents the shareholders' deficit of Sonoma as at December 1, 2015.

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating public company. The transaction does not constitute a business combination since Sonoma does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with Element being identified as the acquirer.

IFRS 2, Share-based payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since the Element shareholders have issued shares with a fair value in excess of the net assets received of Sonoma, IFRS 2 would indicate that the difference is recognized in comprehensive loss as a reverse acquisition transaction cost.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse acquisition transaction. By reference to the completed private placement of 17,300,000 shares at $0.25 per share on closing of the transaction, the fair value of Sonoma share at the time of the closing would be $0.25. Accordingly, the fair value of the share capital owned by the former owners of Sonoma at the time of the transaction would be $975,547. Details see below:

	Resulting Issuer Shares Outstanding	
	Number	**Percentage (%)**
Resulting Issuer Shares held by existing Sonoma Shareholders	3,902,188	7.35%
Resulting Issuer Shares issued for the Acquisition of Element	31,900,000	60.07%
Maximum Number of Resulting Issuer Shares issued pursuant to Private Placement	17,300,000	32.58%
Total	53,102,188	100.00%

Deemed price at $0.25 per share		X 0.25
Total fair value of Sonoma's shares	$	13,275,547.00
Percentage of existing Sonoma's shares		X 7.35%
Total fair value of the consideration of existing Sonoma's shares	$	975,547.00

The amount assigned to the reverse acquisition transaction cost is $1,049,625, being the aggregate of the fair values of the equity consideration ($975,547) and the net identifiable liabilities of Sonoma ($74,078). Under IFRS this amount is included in the statement of comprehensive loss. The legal fees of $150,000 were expensed by the Company in the current period.

The total deemed fair value of consideration:		
3,902,188 common shares	$	975,547
Net fair value of identifiable assets acquired and liabilities assumed:		
GST receivable		15,697
Accounts payable and accured liabilities		(15,048)
Due to Element		(74,727)
Total identifiable assets acquired and liabilities assumed:		(74,078)
Legal fees		150,000
Total transaction costs for RTO	$	1,199,625.00