PANDA CAPITAL INC.

to be renamed

ABCANN GLOBAL CORPORATION

50 O'Connor Street, 15th Floor
Ottawa, Ontario
Phone: (613) 232-1567 / Fax: (613) 232-1658

FILING STATEMENT

Dated as at March 31, 2017

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Filing Statement. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the financial statements and MD&A of Panda and ABcann and in the pro forma consolidated financial statements of the Resulting Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**ABcann**" means ABcann Medicinals Inc., a corporation incorporated pursuant to the laws of the Province of Ontario, which is the "Target" (as defined in the TSXV Policy 2.4) with respect to the Transaction;

"**ABcann 2015 Debenture**" means a secured convertible debenture in the principal amount of $1,500,000 issued by ABcann to an arms-length lender on November 10, 2015;

"**ABcann 2016 Debentures**" means 10% senior secured convertible debentures in the aggregate principal amount of $5,000,000 issued by ABcann to certain arms-length lenders on October 17, 2016;

"**ABcann 2016 Loan**" means a loan in the original principal amount of $1,942,000 made by Ying (Jenny) Guan to ABcann pursuant to the terms of a loan agreement between ABcann and Ms. Guan dated November 15, 2016;

"**ABcann Board**" means the board of directors of ABcann, as constituted from time to time;

"**ABcann Convertible Securities**" means, collectively, the ABcann 2015 Debenture, the ABcann 2016 Debentures, the ABcann Options and the ABcann Warrants;

"**ABcann Dissent Rights**" means the rights of dissent granted in favour of registered ABcann Shareholders in respect of the Amalgamation in accordance with Section 185 of the OBCA;

"**ABcann Dissenting Shareholder**" means an ABcann Shareholder who has duly exercised ABcann Dissent Rights and who is ultimately entitled to be paid the fair value of the ABcann Shares held by such ABcann Shareholder;

"**ABcann Financial Statements**" means the audited annual consolidated financial statements of ABcann for the financial years ended December 31, 2015 and 2014 and the unaudited condensed consolidated financial statements of ABcann for the nine months ended September 30, 2016 and 2015, which are attached to this Filing Statement as Schedule "C";

"**ABcann Germany**" means ABcann Germany GmbH, a company incorporated under the laws of Germany and a wholly-owned subsidiary of ABcann;

"**ABcann Options**" means options to acquire ABcann Shares;

"**ABcann Shares**" means Class "A" common shares in the capital of ABcann;

"**ABcann Shareholders**" means the registered holders of outstanding ABcann Shares from time to time;

"**ABcann Subsidiaries**" means, collectively, ABcann Germany, Green Earth, Patients' Choice and Universal;

"**ABcann Unit**" means a unit of ABcann comprised of one ABcann Share and one ABcann Warrant, each of which will be exercisable into one ABcann Share at a price of $0.50 per ABcann Share for a period of two years;

"**ABcann Warrants**" means warrants to acquire ABcann Shares;

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* issued pursuant to the *Controlled Drugs and Substances Act* (Canada);

"**Additional Subscription Receipts**" means Subscription Receipts issued on exercise of the Over-Allotment Option;

"**Affiliate**" means a company that is affiliated with another company. A company is an "Affiliate" of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is "controlled" by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Agents**" means Canaccord Genuity Corp. and PI Financial Corp., and such other agents as may be retained in connection with the Concurrent Subscription Receipt Financing;

"**Agents' Commission**" means a cash commission to be paid by Panda to the Agents in an amount equal to up to 7.0% of the aggregate gross proceeds of the Concurrent Subscription Receipt Financing (including gross proceeds from the sale of any Additional Subscription Receipts on exercise of the Over-Allotment Option);

"**Agents' Expenses**" means the Agents' reasonable expenses and fees, including the reasonable fees of legal counsel to the Agents (up to a maximum of $100,000, or such other amount as may be approved in writing by Panda and ABcann), plus taxes and disbursements, in connection with the Concurrent Subscription Receipt Financing;

"**Agents' Warrants**" means such number of Resulting Issuer Warrants as is equal to up to 7.0% of the number of Subscription Receipts issued in connection with the Concurrent Subscription Receipt Financing (including any Additional Subscription Receipts), each of which will be exercisable into one Resulting Issuer Share at the Offering Price for a period of 24 months following the closing of the Concurrent Subscription Receipt Financing;

"**Alternative Transaction Fee**" means an amount equal to 2% of the value of the Transaction, as determined with reference to the aggregate number of Consideration Shares issuable to the ABcann Shareholders had the Transaction been completed multiplied by the greater of: (a) the closing price of the Panda Shares on the TSXV on the day prior to the announcement of the Transaction, (b) the deemed acquisition price per ABcann Share, and (c) the price per security of the securities issuable in connection with the Concurrent Subscription Receipt Financing had the Concurrent Subscription Receipt Financing been completed;

"**Alternative Transaction Proposal**" means, other than the Transaction, any bona fide offer, proposal or inquiry made with respect to ABcann or any Affiliate thereof, by any Person other than Panda or an Affiliate thereof with respect to:

(a) any take-over bid, exchange offer, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding-up, or exclusive license involving ABcann or any Affiliate thereof,

(b) any acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect, in a single transaction or a series of related transactions, of all or a significant portion of the assets of, or more than 20% of any class of the share capital, voting securities or other equity interests in, ABcann or any Affiliate thereof,

(c) any other similar transaction or series of transactions involving ABcann or any Affiliate thereof, or

(d) any other transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by the Amalgamation Agreement, or which could reasonably be expected to materially reduce the benefits to Panda under the Amalgamation Agreement;

"**Amalco**" means the combined business entity resulting from the amalgamation of ABcann and Newco;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" means the amalgamation of ABcann and Newco pursuant to Section 174 of the OBCA and as set forth in the terms of the Amalgamation Agreement;

"**Amalgamation Agreement**" means the amalgamation agreement dated November 30, 2016 between Panda, ABcann, Newco and Linda Smith Family Trust, a copy of which is available under Panda's SEDAR profile at www.sedar.com;

"**Arm's Length Transaction**" means a transaction which is not a Related Party Transaction, as defined in Policy 1.1 *Interpretation* of the TSXV Corporate Finance Manual;

"**Articles of Amalgamation**" means the articles of amalgamation giving effect to the Amalgamation to be filed with the Director;

"**Associate**" when used to indicate a relationship with any Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, or (d) in the case of an individual, a relative of that individual, including: (i) that individual's spouse or child, or (ii) any relative of the individual or of his spouse who has the same residence as that individual;

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in Ontario or British Columbia;

"**cannabis**" has the meaning given to such term in the ACMPR;

"**CBCA**" means the *Canada Business Corporations Act*;

"**CBD**" means cannabidiol;

"**CEO**" means chief executive officer;

"**CFO**" means chief financial officer;

"**CPC**" means a Capital Pool Company, being a company: (a) that has been incorporated or organized in a jurisdiction in Canada; (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"**client**" has the meaning given to such term in the ACMPR;

"**Closing**" means the closing of the Transaction;

"**Closing Date**" means the date of the Closing;

"**company**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

"**Concurrent Debenture Financing**" means the offering of Resulting Issuer Debentures to raise gross proceeds of $15,000,000;

"**Concurrent Financings**" means, together, the Concurrent Debenture Financing and the Concurrent Subscription Receipt Financing;

"**Concurrent Subscription Receipt Financing**" means the offering of Subscription Receipts to raise gross proceeds of $8,000,000, or $9,200,000 in the event the Over-Allotment Option is exercised in full (or such other amount as is agreed to by Panda, ABcann and the Agents);

"**Consideration Shares**" means the Resulting Issuer Shares to be issued to the ABcann Shareholders, or that may become issuable on exercise or conversion of currently outstanding ABcann Convertible Securities, in connection with the Transaction;

"**Control Person**" means any Person that holds, or is one of a combination of Persons that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CPC Escrow Agreement**" means the TSXV Form 2F *CPC Escrow Agreement* for Tier 2 issuers dated August 28, 2007, among Panda, the Transfer Agent and certain Panda Shareholders, pursuant to which the CPC Escrow Shares are currently held in escrow;

"**CPC Escrow Shares**" means the 282,500 Panda Shares held in escrow pursuant to the CPC Escrow Agreement;

"**CPC Policy**" means TSXV Policy 2.4 *Capital Pool Companies* in the TSXV Corporate Finance Manual;

"**Director**" means the director appointed under the OBCA;

"**Effective Time**" means the time that the Articles of Amalgamation are filed with the Director on the Closing Date, or such other date as may be determined by Panda and ABcann;

"**Engagement Letter**" means the engagement letter dated February 7, 2017 among the Agents, Panda and ABcann with respect to the Concurrent Subscription Receipt Financing;

"**Escrow Agent**" means the Transfer Agent, in its capacity as escrow agent for the Panda Shares held in escrow under the CPC Escrow Agreement, the Value Security Escrow Agreement or the Surplus Security Escrow Agreement, as applicable;

"**Federal Government**" means the federal Government of Canada;

"**Filing Statement**" means this filing statement dated March 31, 2017, together with all schedules hereto;

"**Final Exchange Bulletin**" means the TSXV Bulletin which is issued following closing of the Qualifying Transaction and the submission of required documentation which evidences the final TSXV acceptance of the Qualifying Transaction;

"**Finder's Shares**" means the 400,000 Resulting Issuer Shares to be issued to 1109477 B.C. Ltd. in connection with the Closing;

"**Green Earth**" means Green Earth Realty Inc., a company incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of ABcann;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer,

(b) a director or senior officer of a company that is an insider or subsidiary of the issuer,

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or

(d) the issuer itself if it holds any of its own securities;

"**IPO**" means the initial public offering of Panda Shares that occurred on September 26, 2007;

"**IPO Agency Agreement**" means the agency agreement dated August 29, 2007 between Panda and the IPO Agent;

"**IPO Agent**" means Investpro Securities Inc., the agent which assisted Panda with respect to the sale of Panda Shares in the IPO pursuant to the terms of the IPO Agency Agreement;

"**Kimmett Facility**" means a 952,000 square foot proposed to be developed by ABcann in Napanee, Ontario;

"**Lease**" means that certain lease between ABcann as tenant and Green Earth as landlord, with respect to the Vanluven Facility;

"**License**" means the license issued by Health Canada to ABcann dated effective March 31, 2014, designating ABcann as a Licensed Producer;

"**Licensed Producer**" has the meaning given to such term in the MMPR;

"**marihuana**" has the meaning given to that term in the ACMPR;

"**MD&A**" means Management's Discussion and Analysis;

"**Member**" has the meaning set out in the policies of the TSXV;

"**Minister**" means the Canadian Federal Minister of Health;

"**MMAR**" means the *Marihuana Medical Access Regulations* (Canada);

"**MMPR**" means the *Marihuana for Medical Purposes Regulation* (Canada);

"**Named Executive Officers**" or "**NEO**" means, in relation to a company, each of the following individuals:

(a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,

(b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation – Venture Issuers*, for that financial year, and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

"**Newco**" means 2548676 Ontario Inc., a wholly-owned subsidiary of Panda, incorporated under the OBCA solely for the purpose of carrying out the Amalgamation;

"**Non-Arm's Length Party**" means: (a) in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such persons, or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the company; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**Offering Price**" means the purchase price per Subscription Receipt to be sold pursuant to the Concurrent Subscription Receipt Financing, being $0.80 per Subscription Receipt or such other price as may be agreed to among Panda, ABcann and the Agents;

"**Over-Allotment Option**" means an option to be granted to the Agents in connection with the Concurrent Subscription Receipt Financing, exercisable in whole or in part and at any time up until the closing of the Concurrent Subscription Receipt Financing to purchase up to such number of Additional Subscription Receipts as is equal to 15% of the Subscription Receipts sold under the Concurrent Subscription Receipt Financing at the Offering Price, on the same terms as the Subscription Receipts, solely to cover over-allotments, if any, and for market stabilization purposes;

"**Panda**" means Panda Capital Inc., a company incorporated under the laws of Canada, which is the "issuer" as defined in the policies of the TSXV;

"**Panda 2013 Option Plan**" means Panda's 2013 stock option plan, which was last approved by the Panda Shareholders on June 27, 2013;

"**Panda 2017 Option Plan**" means Panda's 2017 stock option plan, which was adopted by the Panda Board effective February 27, 2017, and approved by the Panda Shareholders at the 2017 annual meeting of Panda Shareholders held on March 30, 2017;

"**Panda Board**" means the board of directors of Panda, as constituted from time to time;

"**Panda Debentures**" means convertible debentures of Panda;

"**Panda Financial Statements**" means the audited consolidated annual financial statements of Panda for the financial years ended December 31, 2015 and 2014, and the unaudited condensed consolidated interim financial statements of Panda for the three and nine months ended September 30, 2016, which are attached as Schedule "A" to this Filing Statement;

"**Panda Options**" means options to acquire Panda Shares;

"**Panda RSU Plan**" means Panda's 2017 restricted share unit plan, which was adopted by the Panda Board on February 27, 2017, and approved by the Panda Shareholders at the 2017 annual meeting of Panda Shareholders held on March 30, 2017;

"**Panda RSUs**" means restricted share units to acquire Panda Shares;

"**Panda Shareholders**" means the holders of Panda Shares from time to time;

"**Panda Shares**" means common shares in the capital of Panda;

"**Patients' Choice**" means Patients' Choice Botanicals Inc., a company incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of ABcann;

"**Person**" is to be construed broadly and includes any individual, company, partnership, joint venture, association, trust, trustee, executor, administrator, unincorporated association, governmental entity or other entity, whether or not having legal status;

"**Pro Forma Financial Statements**" means the unaudited pro forma financial statements for the Resulting Issuer as at September 30, 2016, to give effect to the Amalgamation as if it had taken place as of September 30, 2016, which are attached as Schedule "D" to this Filing Statement;

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, which, with respect to Panda, is the Transaction;

"**Resulting Issuer**" means Panda following the date of issuance of the Final Exchange Bulletin;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Convertible Securities**" means, collectively, the Resulting Issuer Debentures, the Resulting Issuer Options, the Resulting Issuer RSUs, the Resulting Issuer Warrants and any other securities exercisable or convertible into Resulting Issuer Shares;

"**Resulting Issuer Debentures**" means the 10.0% senior secured convertible debentures of the Resulting Issuer to be issued in connection with the Concurrent Debenture Financing;

"**Resulting Issuer Options**" means options to acquire Resulting Issuer Shares, including ABcann Options that, prior to the Closing, were exercisable into ABcann Shares but, following Closing, will be exercisable into Resulting Issuer Shares;

"**Resulting Issuer RSUs**" means restricted share units to acquire Resulting Issuer Shares;

"**Resulting Issuer Shares**" means the Panda Shares following the date of issuance of the Final Exchange Bulletin, including the Consideration Shares and any Panda Shares issued on conversion of the Subscription Receipts;

"**Resulting Issuer Warrants**" means warrants to acquire Resulting Issuer Shares, including ABcann Warrants that, prior to the Closing, were exercisable into ABcann Shares but, following Closing, will be exercisable into Resulting Issuer Shares;

"**Securities Laws**" means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the TSXV;

"**Subscription Receipts**" means the subscription receipts to be issued by Panda in connection with the Concurrent Subscription Receipt Financing;

"**Surplus Escrow Shares**" means Resulting Issuer Shares to be deposited into escrow pursuant to the Surplus Security Escrow Agreement;

"**Surplus Security Escrow Agreement**" means the escrow agreement in Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and certain shareholders of the Resulting Issuer concurrently with or prior to Closing;

"**Transaction**" means, collectively, the Amalgamation, the Concurrent Financings and all transactions related to the Qualifying Transaction;

"**Transfer Agent**" means TSX Trust Company, the transfer agent of Panda;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**THC**" means tetrahydrocannabinol;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange Inc., and includes the NEX board thereof, as applicable;

"**Universal**" means Universal Botanicals Inc., a company incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of ABcann;

"**Value Escrow Shares**" means Resulting Issuer Shares to be deposited into escrow pursuant to the Value Security Escrow Agreement;

"**Value Security Escrow Agreement**" means the escrow agreement in Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and certain shareholders of the Resulting Issuer concurrently with or prior to Closing; and

"**Vanluven Facility**" means ABcann's existing 14,000 square foot growing facility located at 126 Vanluven Road, Napanee, Ontario.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this Filing Statement constitute forward-looking statements or forward-looking information (collectively "**forward-looking statements**") within the meaning of applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective", "outlook" or similar words suggesting future outcomes or language suggesting an outlook. In particular, this Filing Statement contains forward-looking statements with respect to the following:

- the expected use of proceeds from the Concurrent Financings, the obtaining of all required approvals in connection with the Transaction, and the completion of the Transaction;
- expectations as to future operations of the Resulting Issuer;
- the Resulting Issuer's anticipated financial performance following completion of the Transaction;
- the Resulting Issuer's future development and growth prospects;
- the Resulting Issuer's expected operating costs, general and administrative costs, costs of services and other costs and expenses;
- the Resulting Issuer's ability to meet current and future obligations;
- the Resulting Issuer's ability to obtain equipment, services and supplies in a timely manner; and
- the Resulting Issuer's ability to obtain financing on acceptable terms or at all.

Forward-looking statements in this Filing Statement are based on the current beliefs of management of Panda and ABcann, as well as assumptions made by, and information currently available to, Panda and ABcann, as applicable, regarding, among other things:

- the completion of the Transaction and related matters;
- the listing of the Resulting Issuer Shares on the TSXV;
- the expected success of the operations of the Resulting Issuer;
- the legislative and regulatory environments of the jurisdictions where the Resulting Issuer will carry on business or have operations;
- the impact of competition and the competitive response to the Resulting Issuer's business strategy;
- timing and amount of capital and other expenditures;
- conditions in financial markets and the economy generally; and

- the Resulting Issuer's ability to obtain additional financing on satisfactory terms or at all.

The actual results, performance or achievements of the Resulting Issuer could differ materially from those anticipated in the forward-looking statements contained in this Filing Statement as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to:

- failure to complete the Transaction in all material respects in accordance with the Amalgamation Agreement or at all;
- failure to realize the anticipated benefits of the Transaction;
- changes in applicable legislation and regulatory requirements;
- failure of the Resulting Issuer to operate and grow ABcann's business effectively;
- the availability of financial resources to fund the Resulting Issuer's expenditures;
- competition for, among other things, capital reserves and skilled personnel;
- protection of intellectual property;
- third party performance of obligations under contractual arrangements;
- prevailing regulatory, tax and other applicable laws and regulations;
- stock market volatility and market valuations; and
- uncertainty in global financial markets.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by Panda or ABcann that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this Filing Statement are made as of the date hereof, and neither Panda nor ABcann undertakes any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Filing Statement and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

ABCANN INFORMATION

The information contained or referred to in this Filing Statement relating to ABcann and the ABcann Subsidiaries has been furnished by ABcann. In preparing this Filing Statement, Panda has relied upon ABcann to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to ABcann and the ABcann Subsidiaries. Although Panda has no knowledge that would indicate that any statements contained herein concerning ABcann or the ABcann Subsidiaries are untrue or incomplete, neither Panda nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by ABcann to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

PANDA INFORMATION

The information contained or referred to in this Filing Statement relating to Panda and Newco has been furnished by Panda. In preparing this Filing Statement, ABcann has relied upon Panda to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Panda and Newco. Although ABcann has no knowledge that would indicate that any statements contained herein concerning Panda or Newco are untrue or incomplete, neither ABcann nor its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Panda to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of March 31, 2017, and the phrase "as of the date hereof" and equivalent phrases refer to such date.

CURRENCY

In this Filing Statement, references to "$" or "dollars" are to the lawful currency of Canada, unless otherwise stated.

SUMMARY

The following is a summary of information relating to Panda, ABcann and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Filing Statement, including the Schedules hereto. Terms with initial capital letters in this Summary are defined in the Glossary of Terms or elsewhere in this Filing Statement.

Panda Capital Inc.

Panda is a company incorporated under the CBCA and is a CPC. As such, to date, the principal business of Panda has been to identify and evaluate opportunities for the acquisition of an interest in a Significant Asset and, once identified and evaluated, to negotiate an acquisition of, or participation in, such Significant Asset, subject to receipt of the approval of the TSXV. A more detailed description of Panda is provided under the heading "*Information Concerning Panda*".

ABcann Medicinals Inc.

ABcann was incorporated by Articles of Incorporation filed under the OBCA on June 20, 2012, and amended its Articles by Articles of Amendment filed January 18, 2013. ABcann became a Licensed Producer of medical marihuana on March 21, 2014. The principal activities of ABcann are the production, storage and sale of medical marihuana, as regulated by the ACMPR. A more detailed description of ABcann is provided under the heading "*Information Concerning ABcann*".

The Qualifying Transaction

Panda, ABcann and Newco have entered into the Amalgamation Agreement, the terms of which were the result of arms' length negotiation among the parties thereto. Pursuant to the terms of the Amalgamation Agreement, at the Effective Time, among other things, ABcann and Newco will amalgamate and continue as Amalco, each ABcann Shareholder (other than ABcann Dissenting Shareholders) will transfer their ABcann Shares to Panda in exchange for one Consideration Share for each ABcann Share held, and the ABcann Convertible Securities will become exercisable into Resulting Issuer Shares.

In connection with the completion of the Transaction, it is expected that an aggregate of 78,615,524 Consideration Shares will be issued to the ABcann Shareholders, after giving effect to the conversion of the ABcann 2015 Debenture (which number may increase depending on the effective date of conversion of the ABcann 2015 Debenture). The Amalgamation will constitute a reverse takeover of Panda because, following the Closing, the ABcann Shareholders will own approximately 83.3% of the outstanding Resulting Issuer Shares on an undiluted basis (assuming conversion of the Subscription Receipts issued under the Concurrent Subscription Receipt Financing but no exercise of the Over-Allotment Option).

Completion of the Transaction is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement, including approval of the Amalgamation by the ABcann Shareholders; if required by the TSXV, approval of the Panda Shareholders; completion of the Concurrent Subscription Receipt Financing; and approval of the TSXV.

Following completion of the Transaction, it is expected that the Resulting Issuer will be engaged in the licensed production, storage and sale of medical marihuana, and the Resulting Issuer will be a Tier 2 Industrial Issuer listed on the TSXV. See "*Information Concerning Panda – Corporate Structure – Name and Incorporation*".

Panda Name Change

Panda Shareholders have approve a name change of Panda, effective as of the Closing, to "ABcann Global Corporation" or such other name as is agreed by Panda and ABcann. Following the name change, it is expected that the trading symbol for the Resulting Issuer Shares will change from "PDA" to "ABCN", or such other symbol as may be determined by Panda and ABcann.

Alternative Transaction Fee

In the event that the Amalgamation Agreement is terminated in connection with an Alternative Transaction Proposal, ABcann may be required to pay Panda the Alternative Transaction Fee equal to 2% of the value of the Transaction. See "*Information Concerning Panda – Description of the Transaction*".

Concurrent Financings

Concurrent Subscription Receipt Financing

In accordance with the terms of the Amalgamation Agreement, Panda will undertake the Concurrent Subscription Receipt Financing to raise gross proceeds of $8,000,000, or such other amount as may be agreed to among Panda, ABcann and the Agents, not including the Over-Allotment Option. If the Over-Allotment Option is exercised, Additional Subscription Receipts representing up to 15% of the Subscription Receipts sold under the Concurrent Subscription Receipt Financing may be issued.

As the Concurrent Subscription Receipt Financing consists of the offering of Subscription Receipts, it is expected that it will be completed prior to the Closing, however the proceeds will be held in escrow and not released to Panda unless the conditions provided for in the terms of the subscription receipt agreement governing the Subscription Receipts are completed by the time set forth in such agreement.

In connection with the Closing, Panda will pay the Agents' Commission and issue the Agents' Warrants to the Agents.

Concurrent Debenture Financing

Concurrently with the Closing, it is expected that Panda will complete the Concurrent Debenture Financing in connection with which Resulting Issuer Debentures in the aggregate principal amount of $15,000,000 will be issued. The Resulting Issuer Debentures will bear interest at the rate of 10% per annum, commencing on the Closing Date and payable semi-annually on the last day of June and December of each year. The Resulting Issuer Debentures will mature 36 months from the Closing Date and will be secured by a security interest over all of the assets of the Resulting Issuer and each of its subsidiaries.

At the closing of the Concurrent Debenture Financing, the Resulting Issuer will also issue an aggregate of 15,000,000 Resulting Issuer Warrants to the subscribers under the Convertible Debenture Financing, each of which will be exercisable into one Resulting Issuer Share at a price of $0.80 per Share for a period of two years from the Closing Date, subject to certain vesting and acceleration provisions as further provided herein.

See "*Information Concerning Panda – Concurrent Financings*".

Directors and Officers of the Resulting Issuer

In connection with the Closing, the officers and directors of Panda are expected to change such that, upon completion of the Transaction, the directors and officers of the Resulting Issuer are expected to be as follows:

Name	Position
Ken Clement	Director and Executive Chairman
Aaron Keay	CEO and Director
Neil Kapp	Chief Operating Officer
Ying (Jenny) Guan	Chief Financial Officer and Secretary
Andrew LaCroix	Vice-President of Business Development and Director
John Easson	Director
Daryl Kramp	Director
Paul Lucas	Director

Arm's Length Transaction

The Transaction is an Arm's Length Transaction.

Estimated Funds Available

The following table sets out information respecting the Resulting Issuer's expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to Panda and ABcann as of the date hereof:

Sources	Amount ($)
Estimated Panda working capital as at February 28, 2017 (unaudited)	605,666
Estimated ABcann working capital as at February 28, 2017 (unaudited)	(215,760)
Gross proceeds of Concurrent Subscription Receipt Financing(1)	8,000,000
Gross proceeds of Concurrent Debenture Financing	15,000,000
Estimated funds available to the Resulting Issuer upon completion of the RTO	**23,389,906**

(1) Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, an additional $1,200,000 will be available to the Resulting Issuer.

Principal Purposes

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Panda and ABcann as of the date hereof:

Use of Funds	Amount ($)
Estimated Transaction costs	350,000(1)
Agents' Commission	560,000(2)
Estimated 12 month general and administration expenses	2,911,000(3)
Research and development	650,000
Expansion of Vanluven Facility	3,500,000
Construction of Kimmett Facility	14,500,000
Negotiation of international licensing and distribution agreements	250,000
Unallocated funds	668,906
Total	**23,389,906**

(1) Includes legal fees, auditor review fees, filing fees, shareholder meeting fees and Agents' Expenses incurred or expected to be incurred in connection with the Transaction.

(2) Assuming the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full, the total Agents' Commission will be $644,000. See "*Information Concerning Panda – Concurrent Financings*".

(3) Includes communications, promotions and marketing of $172,000; employee expenses of $1,557,000; interest and bank charges of $62,000; office and general expenses of $161,000; rent, property tax and insurance of $64,000; professional service fees of $225,000; travel, meals and entertainment of $146,000; vehicle expense of $29,000; trade show and conference expenses of $115,000; management salaries and fees of $300,000; directors' fees of $30,000; and TSXV and transfer agent fees of $50,000. Of this amount, an aggregate of $330,000 in management and director salaries and fees is expected to be paid to Non-Arms' Length Parties as management and consulting fees.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. For additional information regarding the funds available to the Resulting Issuer and the proposed use of those funds, see "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro-Forma Consolidated Financial Information

The following table summarizes selected pro-forma consolidated financial information for the Resulting Issuer as at September 30, 2016. The information should be read in conjunction with the Pro Forma Financial Statements, which are attached hereto as Schedule "D".

	Panda (unaudited) as at September 30, 2016 ($)	ABcann (unaudited) as at September 30, 2016 ($)	Pro Forma Adjustments (unaudited) ($)	Resulting Issuer Pro Forma (unaudited) as at September 30, 2016 ($)
Current assets	195,269	1,901,847	27,580,547	29,677,663
Total assets	195,269	7,504,765	27,755,547	35,455,581
Current liabilities	29,788	5,928,338	(3,556,760)	2,401,366
Total liabilities	29,788	7,441,308	10,388,443	17,859,539
Shareholders' equity	165,481	63,457	17,367,104	17,596,042

Stock Exchange Listings

The ABcann Shares are not listed on any Canadian or foreign stock exchange or traded on a Canadian or foreign market. The Panda Shares are currently listed on the TSXV under the symbol "PDA". The Panda Shares were halted from trading on the TSXV on December 2, 2016, pending completion of the

Transaction. The closing price of the Panda Shares on the TSXV on December 1, 2016, being the last trading date prior to the imposition of the halt and the announcement of the Transaction, was $0.24.

Sponsorship for the Transaction

Pursuant to Policy 2.2 of the TSXV Corporate Finance Manual, sponsorship is generally required in conjunction with a Qualifying Transaction. Panda has obtained a waiver of the sponsorship requirement in connection with the Transaction from the TSXV on the basis of Section 3.4(ii) of Policy 2.2 as the Concurrent Subscription Receipt Financing will be conducted as a brokered offering.

Interests of Experts

To the knowledge of Panda and ABcann, no Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has a direct or indirect material interest in the property of Panda or ABcann or in any Associate or Affiliate of Panda or ABcann.

TSXV Approval

Panda has received the conditional approval of the TSXV for the Transaction. Completion of the Transaction is subject to receipt of the final approval of the TSXV, among other conditions as provided pursuant to the conditional approval and the Amalgamation Agreement.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in marihuana production or sales. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible business opportunities or generally when acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the CBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by the CBCA, the TSXV and applicable Securities Laws. As of the date of this Filing Statement, to the best of its knowledge, neither Panda nor ABcann is aware of the existence of any conflicts of interest between it and any of its respective directors or officers.

RISK FACTORS

There are inherent risks in the business of the Resulting Issuer. The Transaction must be considered highly speculative due to the nature of the business of the Resulting Issuer. Investors must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Resulting Issuer. The business of the Resulting Issuer will be subject to risks and hazards, some of which will be beyond its control. Such risk factors include, but are not limited to: reliance on the License; regulatory risks; changes in laws, regulations and guidelines; limited operating history; reliance on the Vanluven Facility, which is expected to the Resulting Issuer's only operating facility at the Closing; reliance on management; factors which may prevent realization of growth targets; the fact that ABcann may not achieve or maintain profitability; need for additional financing in the future; competition; risks inherent in an agricultural business; vulnerability to rising energy costs; transportation disruption risks; risks associated with unfavourable publicity or consumer perception; product liability risks; risks related to product recalls; reliance on key inputs; dependence on suppliers and skilled labour; restrictions on business imposed by the TSXV; difficulty in forecasting; operating risk and insurance coverage; conflicts of interest; litigation; the fact that the market price of the Resulting Issuer Shares may be subject to wide price fluctuation; the fact that the Resulting Issuer does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future; risks associated with ongoing legal challenge(s) to the medical marihuana regulatory regime in Canada; the limited market for the Resulting Issuer Shares; and risks associated with environmental and employee health and safety regulations.

The following risk factors should be carefully considered in evaluating Panda, ABcann, the Resulting Issuer and the Transaction.

The risks presented below are believed to be key factors that could cause actual results to be different from expected and historical results but they may not be all of the risks that the Resulting Issuer may face. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the Resulting Issuer's business following the completion of the Transaction. The market in which ABcann currently competes, and the Resulting Issuer will compete, is very competitive and changes rapidly. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

Risk Factors Relating to the Business of ABcann and the Resulting Issuer

Regulatory Risks

The activities of ABcann are subject to regulation by governmental authorities, particularly Health Canada. Achievement of its business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and ABcann's ability to obtain and retain all necessary regulatory approvals for the production and sale of its products. ABcann cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, necessary regulatory approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of ABcann and the Resulting Issuer.

The activities of ABcann and contemplated activities of the Resulting Issuer and their subsidiaries outside of Canada present similar risks to those present in the Canadian market. Achievement of business objectives is contingent, in part, upon compliance with regulatory requirements enacted by the local governments in the relevant jurisdictions and the Resulting Issuer's ability to obtain and retain all necessary regulatory approvals for the production and sale of its products. Any delays in obtaining, or failure to obtain, necessary regulatory approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of ABcann and the Resulting Issuer outside of Canada.

Change in Laws, Regulations and Guidelines

ABcann's operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marihuana, and laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While, to the knowledge of ABcann's management, ABcann is currently in compliance with all such laws, changes to such laws, regulations and guidelines may have a material adverse effect on the business, results of operations and financial condition of ABcann and the Resulting Issuer.

Reliance on the License

ABcann's ability to grow, store and sell medical marihuana in Canada is dependent on the License. Failure to comply with the requirements of the License, or any failure to maintain the License in good standing, will have a material adverse impact on the business, financial condition and operating results of ABcann and the Resulting Issuer. The License is currently due to expire on October 31, 2017. Although ABcann believes it will meet the requirements of the ACMPR for extension of the License, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License, or should it renew the License on different terms, the business, financial condition and results of the operations of ABcann and the Resulting Issuer would be materially adversely affected.

Limited Operating History

ABcann began carrying on business in 2014, and 2016 is the first year in which it generated revenues from the sale of products. ABcann is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of material revenue. There is no assurance that ABcann will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

Reliance on a Single Facility

To date, ABcann's activities and resources have been primarily focused on the Vanluven Facility, located in Napanee, Ontario, and ABcann expects to continue to be focused on operations at the Vanluven Facility for the foreseeable future. Adverse changes or developments affecting the Vanluven Facility, including any maintenance requirements of, or material damage or destruction to, the Vanluven Facility, could have a material and adverse effect on the business, financial condition and prospects of ABcann and the Resulting Issuer.

Reliance on Management

The success of ABcann's business is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of key personnel could have a material adverse effect on the business, operating results or financial condition of ABcann and the Resulting Issuer.

Factors which may Prevent Realization of Growth Targets

ABcann is currently in the early development stage. ABcann's growth strategy contemplates acquiring additional property, expanding the Vanluven Facility, equipping the Vanluven Facility with additional production resources and developing the Kimmett Facility. There is a risk that this proposed expansion plan will not be achieved on time, on budget, or at all, as it could be adversely affected by a variety of factors, including: delays in obtaining, or conditions imposed by, regulatory approvals; plant design errors; environmental pollution issues; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency; breakdown, aging or failure of equipment or processes; contractor or operator errors; labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and major incidents and/or catastrophic events, such as fires, explosions, earthquakes or storms.

Additional Financing Requirements

In order to execute its anticipated growth strategy, the Resulting Issuer may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise additional financing could limit the Resulting Issuer's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer 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 Resulting Issuer to obtain additional capital and to pursue business opportunities.

Unprofitable Operations

ABcann has incurred losses in recent periods. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Resulting Issuer's revenues do not increase to offset these expected increases in costs and operating expenses, the Resulting Issuer may not be profitable.

Competition

ABcann and the Resulting Issuer are expected to 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. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of ABcann and the Resulting Issuer. In addition to existing competitors, because of the early stage of the industry in which ABcann operates, ABcann expects to face additional competition from new market entrants. If the number of users of medical marihuana in Canada increases, the demand for products will increase and ABcann expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, ABcann and the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. ABcann and the Resulting 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 ABcann and the Resulting Issuer.

Risks Related to the Agricultural Business

ABcann's business involves the growing of medical marihuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as risks related to crop damage from insects, plant diseases and similar agricultural risks. Although ABcann 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

ABcann's medical marihuana growing operations consume considerable energy, making ABcann vulnerable to rising energy costs. Rising or volatile energy costs may adversely affect the ability of ABcann and the Resulting Issuer to operate profitably.

Product Transportation Cost and Disruptions

ABcann is dependent on fast and efficient courier services for distribution due to the perishable and premium nature of its products. Any prolonged disruption of a courier service could have an adverse effect on the financial condition and results of operations of ABcann and the Resulting Issuer. Rising costs associated with the courier services used by ABcann to ship its products may also adversely impact the business of ABcann and the Resulting Issuer.

Unfavourable Publicity or Consumer Perception

ABcann believes the medical marihuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marihuana. Consumer perception of ABcann's products could be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of medical marihuana products, which may not be favourable to the medical marihuana market 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 ABcann's products and the business, results of operations, financial condition and cash flows of ABcann and the Resulting Issuer. Adverse publicity or other media attention could arise even if the adverse effects associated with medical marihuana products resulted from consumers' failure to consume such products appropriately or as directed. ABcann's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or having merit, could have a material adverse effect on ABcann and the Resulting Issuer, the demand for ABcann's products, and the business, results of operations, financial condition and cash flows of ABcann and the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marihuana in general, or ABcann's products specifically, or associating the consumption of medical marihuana with illness or other negative effects or events, could have such a material adverse effect.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, ABcann 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 ABcann'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 ABcann's products alone or in combination with other medications or substances could occur. ABcann and the Resulting Issuer may be subject to various product liability claims, including, among others, that ABcann's products caused injury or illness, included inadequate instructions for use, or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against ABcann or the Resulting Issuer could result in increased costs, could adversely affect ABcann's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of ABcann and the Resulting Issuer. There can be no assurances that ABcann 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 potential products of ABcann and the Resulting Issuer.

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, interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. If any products of ABcann or the Resulting Issuer are recalled due to an alleged product defect or for any other reason, ABcann or the Resulting Issuer could be required to incur the unexpected expense of such recall and any legal proceedings that might arise in connection with such recall. Further, ABcann may lose a significant number of future sales due to reputational damage, 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 ABcann 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 ABcann's products were subject to recall, ABcann's image could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the products of ABcann and the Resulting Issuer, and could have a material adverse effect on the results of operations and financial condition of ABcann and the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of ABcann's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

ABcann's business is dependent on a number of key inputs, including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of ABcann and the Resulting Issuer. Further, some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, ABcann might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to ABcann in the future. Any inability to secure required supplies and services, or to do so on acceptable terms, could have a materially adverse impact on the business, financial condition and operating results of ABcann and the Resulting Issuer.

Dependence on Suppliers and Skilled Labour

The ability of ABcann and the Resulting Issuer to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that ABcann will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the expansion plan contemplated by ABcann may be significantly greater than anticipated by ABcann's management and/or may cost more than the funds available to ABcann, in which circumstance ABcann may curtail, or extend the timeframes for completing, its expansion plan. This could have a material adverse effect on the financial results and operations of ABcann and the Resulting Issuer.

Limitations on Forecasting

ABcann must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources given the early stage of the medical marihuana industry in Canada. If expected demand for its products fails to materialize due to competition, technological change or other factors, the business, results of operations and financial condition of ABcann and the Resulting Issuer could be materially adversely affected.

Variable Revenues and Earnings

The revenues and earnings of the Resulting Issuer may fluctuate from quarter to quarter, which could affect the market price of the Resulting Issuer Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including, among other things: the timing of releases of new products; the timing of sales orders or deliveries; activities of the Resulting Issuer's competitors; possible delays in the production or shipment of products; concentration in the Resulting Issuer's customer base; possible delays or shortages in critical inputs; or transition periods associated with the migration to new production methods. Any of the foregoing factors could cause significant variations to the Resulting Issuer's revenues, gross margin and earnings in any given quarter.

Operating Risk and Insurance Coverage

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

Management of Growth

ABcann may be subject to growth-related risks, including capacity constraints and pressure on internal systems and controls. The ability of ABcann to manage growth effectively will require it to continue to implement and improve its operational and financial systems, and to expand, train and manage its employee base. The inability of ABcann to deal with this growth may have a material adverse effect on the business, financial condition, results of operations and prospects of ABcann and the Resulting Issuer.

TSXV Restrictions on Business

In connection with the Closing, the Resulting Issuer will be required to undertake to the TSXV that it will only conduct the business of the production, sale and distribution of medicinal marihuana in Canada pursuant to one or more licenses issued by Health Canada in accordance with applicable law, unless prior approval is obtained from the TSXV. This could adversely effect the Resulting Issuer's ability to expand its business into other areas and may prevent the Resulting Issuer from expanding into new areas of business when the Resulting Issuer's competitors that are not listed on the TSXV may not have such restrictions. Such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Resulting Issuer.

Conflicts of Interest

Certain of the directors and officers of ABcann are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of ABcann and as officers and directors of such other companies.

Litigation

ABcann or the Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect their business. Should any such litigation be determined against ABcann or the Resulting Issuer, such a decision could adversely affect their ability to continue operating and the market price for the Resulting Shares. Even if successful, such litigation would require ABcann and the Resulting Issuer to expend significant time and money.

Resulting Issuer Share Price Fluctuations

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries; divergence in financial results from analysts' expectations; changes in earnings estimates by stock market analysts; changes in the business prospects for the Resulting Issuer and its subsidiaries; general economic conditions; legislative changes; and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have, from time to time, experienced extreme price and volume fluctuations, which could adversely affect the market price for the Resulting Issuer Shares.

Dividends

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Limited Market for Resulting Issuer Shares

Upon completion of the Transaction, the Resulting Issuer Shares will be listed on the TSXV, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained. Investors may find it difficult to resell any securities of the Resulting Issuer at an acceptable price or at all.

Cyber Security Risks

ABcann relies on certain internal processes, infrastructure and information technology systems to efficiently operate its business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the Resulting Issuer's ability to operate its business. Cyber-attacks or other breaches of network or IT systems security may cause disruptions to the Resulting Issuer's operations. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to the Resulting Issuer's reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing, the Resulting Issuer's security measures may not be sufficient to prevent the damage that such threats can inflict on the Resulting Issuer's assets and information, and the Resulting Issuer's insurance may not be adequate to fully cover applicable costs and losses.

Environmental and Employee Health and Safety Regulations

ABcann'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. ABcann expects to 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 restrictions on its 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 ABcann'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 ABcann and the Resulting Issuer.

Risk Factors Relating to the Transaction

Transaction Costs

Panda and ABcann will collectively incur significant direct transaction costs in connection with the Transaction. Actual direct transaction costs incurred in connection with the Transaction may be higher than expected. Moreover, certain of Panda's and ABcann's costs related to the Transaction, including legal, accounting, printing and mailing costs, must be paid even if the Transaction is not completed. There are also opportunity costs associated with the diversion of management attention away from the conduct of their respective businesses in the ordinary course.

Halt in Trading of Panda Shares

Upon public announcement of the Transaction, trading in Panda Shares on the TSXV was halted for an indefinite period of time pending completion of review of the Transaction by the TSXV. Reinstatement of trading prior to completion of the Transaction, to the extent it occurs, provides no assurance with respect to the merits of the Transaction or the likelihood of Panda completing the Transaction. It is not expected that the trading will resume in the Panda Shares prior to the completion of the Transaction.

Reliability of ABcann Information

All historical information regarding ABcann and the ABcann Subsidiaries contained in this Filing Statement, including all ABcann financial information and all pro forma financial information reflecting the pro forma effects of the Transaction, has been provided by ABcann. Although Panda has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to ABcann or the ABcann Subsidiaries contained in this Filing Statement could result in unanticipated liabilities or expenses, increase the costs incurred in connection with the

Transaction, or adversely affect the operational plans of the Resulting Issuer and its results of operations and financial condition.

Reliability of Panda Information

All historical information regarding Panda and Newco contained in this Filing Statement, including all Panda financial information, has been provided by Panda. Although ABcann has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Panda or Newco contained in this Filing Statement could result in unanticipated liabilities or expenses, increase the costs incurred in connection with the Transaction, or adversely affect the operational plans of the Resulting Issuer and its results of operations and financial condition.

Risks related to Termination of Amalgamation Agreement

Each of Panda and ABcann has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Panda or ABcann provide any assurance, that the Amalgamation Agreement will not be terminated by either Panda or ABcann before the completion of the Transaction. In the event that the Amalgamation Agreement is terminated in connection with an Alternative Transaction Proposal, ABcann may also be required to pay the Alternative Transaction Fee, equal to 2% of the value of the Transaction, to Panda in accordance with the terms of the Amalgamation Agreement.

Risks related to Satisfaction of Conditions Precedent

The completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of Panda and ABcann, including, but not limited to, approval of the Amalgamation by the ABcann Shareholders, approval of the Transaction by the Panda Shareholders, the approval of the TSXV, and the completion of the Concurrent Subscription Receipt Financing. There is no certainty, nor can Panda or ABcann provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of Panda or ABcann, or the trading price of the Panda Shares. If for any reason the Transaction is not completed, the market price of the Panda Shares may be adversely affected. Moreover, if the Amalgamation Agreement is terminated, there is no assurance that either the Panda Board or the ABcann Board will be able to find another transaction to pursue.

INFORMATION CONCERNING PANDA

Corporate Structure

Name and Incorporation

Panda Capital Inc. was incorporated under the CBCA on April 12, 2007 under the name "Bamboo Capital Inc." and changed its name to "Panda Capital Inc." effective May 22, 2007. Panda has reserved the name "ABcann Global Corporation" to be adopted in connection with the completion of the Transaction. Panda's head office is located at 50 O'Connor Street, 15th Floor, Ottawa, ON, K1P 6L2, and its registered and records office is located at 2221 Yonge Street, Suite 308, Toronto, ON, M4S 2B4.

Intercorporate Relationships

Newco is Panda's only material subsidiary and is wholly-owned by Panda. Newco was incorporated on November 29, 2016 under the laws of the Province of Ontario, solely for the purposes of completing the Amalgamation.

General Development of the Business

History

Panda is a CPC and, to date, has not carried on any operations. The sole business of Panda since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses so as to complete a Qualifying Transaction. Until the Closing, Panda will not have operated a business or have any material assets other than cash. Panda currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Amalgamation Agreement.

On July 26, 2007, Panda filed a preliminary prospectus in British Columbia, Alberta and Ontario to qualify for public sale and distribution 2,000,000 Panda Shares at a price of $0.20 per share under the Panda IPO. The final prospectus was filed on August 29, 2007 and Panda completed the IPO on September 26, 2007 for gross proceeds of $400,000. In connection with the closing of the IPO, pursuant to the IPO Agency Agreement, Panda paid a cash commission of $40,000, being 10% of the gross proceeds of the IPO, to the IPO Agent and granted the IPO Agent an aggregate of 200,000 Panda Options, all of which expired, unexercised, on September 26, 2009. The Panda Shares commenced trading on the TSXV on October 5, 2007 under the symbol "PDA.P".

On July 2, 2010, the listing of the Panda Shares was transferred to the NEX board of the TSXV, due to Panda's failure to complete its Qualifying Transaction by the deadline established by the TSXV. The transfer of the listing of the Panda Shares to NEX was approved by the Panda Shareholders at a meeting held on June 28, 2010. In connection with the migration to NEX, one-half of the seed Panda Shares held by Non-Arms' Length Parties to Panda were cancelled.

In August 2011, Panda announced that it intended to enter into an acquisition agreement with Continental Mining and Smelting Limited ("**Continental**") and the shareholders thereof pursuant to which it would acquire all of the outstanding shares of Continental by way of a three-cornered amalgamation, which was intended to constitute Panda's Qualifying Transaction, following which it would become a mining company. Panda announced it would not be proceeding with this transaction in September 2012.

In February 2013, Panda announced that it intended to acquire all of the outstanding securities of 2328438 Ontario Inc., Aurigin Resources Ltd. and Benzu Gold Limited by way of a three-cornered amalgamation, which was intended to constitute Panda's Qualifying Transaction, following which it intended to carry on the business of a mineral exploration company. The proposed transaction was terminated in June 2013 due to market volatility in the resource sector.

In December 2013, Panda announced that it had entered into a letter of intent with Tempus Capital Inc. ("**Tempus**") pursuant to which Panda agreed to acquire all of the outstanding shares of Tempest, a reporting issuer engaged in the business of owning and managing commercial real estate, which was intended to constitute Panda's Qualifying Transaction. The proposed transaction was terminated in April 2015.

Effective September 29, 2015, Panda completed a consolidation of the issued and outstanding Panda Shares on the basis of 8 pre-consolidation Panda Shares for each post-consolidation Panda Share. Prior to the completion of the consolidation, there were 3,300,000 Panda Shares outstanding. Following completion of the consolidation, there were 412,500 Panda Shares outstanding.

Description of the Transaction

Effective November 30, 2016, Panda entered into the Amalgamation Agreement, a copy of which is available under Panda's profile on SEDAR, pursuant to which Panda has agreed to acquire all of the issued and outstanding ABcann Shares by way of a three-cornered amalgamation among Panda, ABcann and Newco. Upon completion of the Transaction, Amalco will be a wholly-owned subsidiary of Panda.

Pursuant to the terms of the Amalgamation Agreement, at the Effective Time:

(i) ABcann and Newco will amalgamate and continue as Amalco;

(ii) each ABcann Shareholder (other than ABcann Dissenting Shareholders) will transfer their ABcann Shares to Panda in exchange for one Consideration Share for each ABcann Share held;

(iii) all ABcann Warrants and any other ABcann Convertible Securities outstanding will become exercisable into Panda Shares, in accordance with the respective adjustment provisions thereof,

(iv) all ABcann Options outstanding will become exercisable into Panda Shares, in accordance with the provisions of the Panda 2017 Option Plan and, if any such ABcann Options are held by individuals who are not directors, officers, employees or consultants of ABcann or the Resulting Issuer at the time of the Closing, such ABcann Options will terminate on the date that is one year following the Closing;

(v) each Newco Share issued and outstanding immediately before the Effective Time will be exchanged for one Amalco Share;

(vi) all ABcann Shares held by Panda as a result of the exchange contemplated by subsection (i) will be cancelled and Panda will receive, for each ABcann Share, one Amalco Share and Amalco will be a wholly-owned subsidiary of Panda;

(vii) no fractional Consideration Shares will be issued to ABcann Shareholders, and in lieu of any fractional entitlement, the number of Consideration Shares issuable to each ABcann Shareholder will be, without any additional compensation, rounded down to the next lesser whole number of Consideration Shares;

(viii) the stated capital of the Panda Shares and the stated capital of the Amalco Shares will be determined as follows:

a. the stated capital of the Panda Shares will be increased by an amount equal to the lesser of: (1) the fair market value, immediately prior to the Effective Time, of all ABcann Shares exchanged for Consideration Shares under subsection (i), and (2) the "paid up capital", as that term is defined in the Tax Act and as determined immediately prior to the Effective Time, of all ABcann Shares exchanged for Consideration Shares under subsection (i), and

b. the stated capital of the Amalco Shares will be an amount equal to the aggregate of the "paid up capital", as that term is defined in the Tax Act, of the common shares of Newco and the ABcann Shares immediately prior to the Effective Time, and

(ix) Panda will be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by the Amalgamation Agreement to any ABcann Shareholder such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act or any provision of provincial, state, local or foreign tax law, in each case as amended, and, to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the applicable ABcann Shareholder(s) in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Completion of the Transaction is subject to the satisfaction or waiver of certain conditions, including:

- receipt by Panda and ABcann, as required, of all regulatory, shareholder and third party approvals, including TSXV approval and Health Canada approval, if required;
- the completion of the Concurrent Subscription Receipt Financing;
- Panda having at least $800,000 in cash;
- no material adverse effect having occurred with respect to the business of Panda or ABcann; and
- there being no material breach of the terms of the Amalgamation Agreement by Panda or ABcann.

In connection with the completion of the Transaction, it is expected that an aggregate of approximately 78,615,524 Consideration Shares will be issued to the ABcann Shareholders, after giving effect to the settlement of the ABcann 2015 Debenture (assuming a conversion date of March 15, 2017). The Amalgamation will constitute a reverse takeover of Panda because, following the Closing, the ABcann Shareholders will own approximately 83.3% of the outstanding Panda Shares on an undiluted basis, after conversion of the Subscription Receipts issued under the Concurrent Subscription Receipt Financing (assuming no exercise of the Over-Allotment Option).

Following completion of the Transaction, it is expected that the Resulting Issuer will be engaged in the licensed production, storage and sale of medical marihuana, and the Resulting Issuer will be a Tier 2 Industrial Issuer listed on the TSXV.

Concurrent Financings

Concurrent Subscription Receipt Financing

In order to raise operating capital for the Resulting Issuer, Panda and ABcann have engaged the Agents to undertake the Concurrent Subscription Receipt Financing, on a brokered private placement basis, to raise gross proceeds of $8,000,000, or such other amount as may be agreed to between Panda, ABcann and the Agents, from the issuance of Subscription Receipts at the Offering Price. In the event that the Over-Allotment Option is exercised, Panda may issue Additional Subscription Receipts for additional gross proceeds of up to $1,200,000.

Upon the closing of the Concurrent Subscription Receipt Financing, the gross proceeds of the Concurrent Subscription Receipt Financing will be held by the Transfer Agent as escrow agent. The Subscription Receipts will be cancelled if the following conditions (the "**Escrow Release Conditions**") are not satisfied or waived within 60 days following the closing of the Concurrent Subscription Receipt Financing:

- all conditions precedent to the closing of the Amalgamation Agreement (other than the filing of the articles of amalgamation) shall have been satisfied or waived to the satisfaction of Panda and ABcann;

- the TSXV shall have conditionally approved the listing of the Resulting Issuer Shares (including the Resulting Issuer Shares underlying the Subscription Receipts) on the TSXV;

- all regulatory, shareholder and third-party approvals, if any, required in connection with the Transaction shall have been received (other than the final approval of the TSXV); and

- Panda and ABcann shall not be in breach or default of any of their covenants or obligations under the subscription receipt agreement governing the Subscription Receipts or the agency agreement in connection with the Concurrent Subscription Receipt Financing, except (in the case of the agency agreement only) for those breaches or defaults that have been waived by the Agents, and all conditions set out in the agency agreement shall have been fulfilled, which shall all be confirmed to be true in a certificate of a senior officer of Panda and of ABcann

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt (including any Additional Subscription Receipts) will, for no additional consideration or further action on the part of the holder, automatically be exchanged into one Resulting Issuer Share. If the Escrow Release Conditions are not satisfied by 5:00 p.m. (Vancouver time) on the date that is 60 days following the closing of the Concurrent Subscription Receipt Financing (or such other date as may be determined by Panda, ABcann and the Agents), all of the Subscription Receipts will be cancelled by the Transfer Agent and holders thereof will have no rights thereunder except to receive, and the Transfer Agent shall pay to such holders from the escrowed funds, an amount equal to the aggregate purchase price of the Subscription Receipts then held.

Pursuant to the Engagement Letter, Panda has agreed to pay the Agents' the Agents' Commission, in an amount equal to 7.0% of the gross proceeds raised from subscribers identified by the Agents and 3.5% of the gross proceeds raised from subscribers identified by Panda or ABcann (who will be permitted to subscribe for up to 20% of the Concurrent Subscription Receipt Financing), and to issue the Agents the Agents' Warrants, in an amount equal to 7.0% of the Subscription Receipts issued to subscribers identified by the Agents and 3.5% of the Subscription Receipts issued to subscribers identified by Panda or ABcann (including, in each case, in respect of any Additional Subscription Receipts). Each Agents' Warrant will be exercisable into one Resulting Issuer Share at the Offering Price for a period of 24 months following the closing of the Concurrent Subscription Receipt Financing. Panda and ABcann have also agreed to pay the Agents' Expenses. The Engagement Letter will be superseded by an agency agreement to be entered into among Panda, ABcann and the Agents prior to the closing of the Concurrent Subscription Receipt Financing.

Concurrent Debenture Financing

Concurrently with the Closing, it is expected that Panda will complete the Concurrent Debenture Financing in connection with which Resulting Issuer Debentures in the aggregate principal amount of $15,000,000 will be issued. The Resulting Issuer Debentures will bear interest at the rate of 10% per annum, commencing on the Closing Date and payable semi-annually on the last day of June and December of each year. The Resulting Issuer Debentures will mature 36 months from the Closing Date, will be secured by a security interest over all of the assets of the Resulting Issuer and each of its subsidiaries, and will not be redeemable by the Resulting Issuer.

At the closing of the Concurrent Debenture Financing, the Resulting Issuer will also issue an aggregate of 15,000,000 Resulting Issuer Warrants to the subscribers under the Convertible Debenture Financing, each of which will be exercisable into one Resulting Issuer Share at a price of $0.80 per Share for a period of two years from the Closing Date, provided that such Resulting Issuer Warrants will only be exercisable if the Resulting Issuer does not complete, on or before July 1, 2018, a financing or financings for aggregate proceeds of not less than $18,000,000 through (i) the exercise of outstanding Resulting Issuer Warrants or a new equity issuance from treasury (or a combination of both), (ii) a debt facility acceptable to the lead subscriber under the Concurrent Debenture Financing, or (iii) a combination of any of (i) or (ii). The Resulting Issuer shall be entitled to accelerate the expiry date of the Resulting Issuer Warrants to a period of 30 days if, for any 10 consecutive trading days after July 1, 2018, the volume weighted average trading price of the Resulting Issuer Shares on the TSXV (or such other stock exchange or quotation system as the Resulting Issuer Shares are then principally listed or quoted) equals or exceeds $1.80. If that occurs, the Resulting Issuer shall provide notice of such event to the holders of the Resulting Issuer Warrants not later than five Business Days from the date of such event.

The Resulting Issuer Debentures will be convertible at the option of the holder into Resulting Issuer Shares at any time prior to the close of business on the maturity date at a conversion price (the "**Conversion Price**") equal to an amount which represents a 30% premium to the offering price of each Subscription Receipt) (the "**Equity Financing Price**"). Given that the Equity Financing Price is expected to be $0.80, it is expected that the Conversion Price will be $1.04 per Resulting Issuer Share. In the event that the Resulting Issuer completes a subsequent equity financing at a price below the Conversion Price, the Conversion Price will be adjusted downward, subject to a floor price equal to the Equity Financing Price.

If, at any time prior to the maturity date, the volume weighted average price of the Resulting Issuer Shares on the TSXV (or such other stock exchange or quotation system as the Resulting Issuer Shares are then principally listed or quoted) for any consecutive 10 day trading period is greater than $1.80, the Resulting Issuer, at its sole option, may, at any time thereafter, force a conversion of the Resulting Issuer Debentures.

Upon any conversion, holders of Resulting Issuer Debentures will receive a cash payment equal to the accrued and unpaid interest thereon, up to, but excluding, the date of conversion or, at the option of the Resulting Issuer, Resulting Issuer Shares at a conversion price equal to the Market Price (as defined in the policies of the TSXV) at the time of such conversion. The Conversion Price may be adjusted upon the occurrence of certain customary events as specified in the certificate(s) representing the Resulting Issuer Debentures.

Any additional debt issued by the Resulting Issuer will require the consent of the lead subscriber under the Concurrent Debenture Financing, which consent shall not be unreasonably withheld. Additional debt will be subordinated to the Resulting Issuer Debentures, provided that the Resulting Issuer or any of its subsidiaries will be able to enter into an operating line of credit in the maximum amount of $1 million, which operating line is secured by a first priority charge against accounts receivable and no other assets, without the consent of the lead subscriber.

By letter agreement dated March 20, 2017, among Panda, ABcann and the holders of the ABcann 2016 Debentures, the parties agreed that, if the Transaction is not completed by April 17, 2017, the deadline for completion of the Liquidity Event will be extended to May 9, 2017, provided that Panda agrees to issue the holders an aggregate of 500,000 Panda Warrants, each of which will be exercisable into one Panda Share at price of $0.80 per Share until April 18, 2019 if the Transaction is completed after April 18, 2017 but before May 9, 2017.

Completion of the Concurrent Debenture Financing will be subject to a number of conditions, including that:

- subject to the approval of the TSXV, the lead subscriber shall be entitled to nominate one member to the Resulting Issuer Board upon completion of the Transaction for so long as the Resulting Issuer Debentures remain outstanding, and the initial nominee is to be John Easson;

- the Resulting Issuer shall establish an Audit Committee which shall at all times include the lead subscriber's nominee to the Resulting Issuer Board;

- Panda and ABcann shall have received all necessary approvals for the Concurrent Debenture Financing, including the approval of the TSXV, the Panda Board, the ABcann Board and any shareholder approvals required; and

- all conditions necessary to the completion of the Qualifying Transaction shall have been satisfied or waived, other than the filing of the articles of amalgamation in connection therewith.

Any securities issued in connection with the Concurrent Financings are expected to be subject to a statutory hold period of four months and one day from the respective closing dates of the Concurrent Financings.

It is expected that the Resulting Issuer will use the proceeds of the Concurrent Financings for operational objectives and general working capital purposes during the 12 month period following the Closing, including expansion of the Vanluven Facility and development of the Kimmett Facility, as further described under the heading "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes – Use of Funds*".

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since its incorporation, Panda has incurred costs in carrying out its IPO, in seeking, evaluating and negotiating a potential Qualifying Transaction, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV.

Summary Financial Information

Schedule "A" to this Filing Statement contains the Panda Financial Statements. The following table sets forth selected information regarding the expenses of Panda for the two most recently completed financial years and the nine months ended September 30, 2016. Such information is derived from the Panda Financial Statements and should be read in conjunction therewith:

Expenses	Nine months ended September 30, 2016 (unaudited) ($)	Nine months ended September 30, 2015 (unaudited) ($)	Year ended December 31, 2015 (audited) ($)	Year ended December 31, 2014 (audited) ($)
Professional fees	22,372	10,350	65,797	30,743
General and office	9,390	2,400	3,277	4,887
Stock-based compensation	-	-	48,980	-
Total Expenses	**31,762**	**12,750**	**118,054**	**35,630**

Management's Discussion and Analysis

Panda's MD&A for the year ended December 31, 2015 and for the three and nine months ended September 30, 2016 are incorporated by reference and attached to this Filing Statement as Schedule "B". The MD&A should be read in conjunction with the Panda Financial Statements, which are attached as Schedule "A" to this Filing Statement. Panda's MD&A for the year ended December 31, 2015 was prepared as of April 28, 2016, and its MD&A for the three and nine months ended September 30, 2016 was prepared as of November 23, 2016 and amended and restated as of March 31, 2017. The information in the amended and restated MD&A has not been updated from the version filed on November 23, 2016, other than as explicitly provided in the amended and restated MD&A, and such information is superseded by any more current information contained in this Filing Statement.

Description of the Securities

The authorized capital of Panda consists of an unlimited number of Panda Shares without par value. As at the date of this Filing Statement, 2,812,500 Panda Shares were issued and outstanding, of which 282,500 Panda Shares are held in escrow pursuant to the terms of the CPC Escrow Agreement.

Holders of Panda Shares are entitled to one vote for each Panda Share held at all meetings of Panda Shareholders, to receive dividends if, as and when declared by the Panda Board, and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Panda. The Panda Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Panda Shares to contribute additional capital, and no restrictions on the issuance of additional securities by Panda. There are no restrictions on the repurchase or redemption of Panda Shares by Panda except to the extent that any such repurchase or redemption would render Panda insolvent.

Panda Stock Option Plans

As of the date of this Filing Statement, there are no Panda Options outstanding. All previously granted Panda Options were granted under the Panda 2013 Option Plan, pursuant to which, the Panda Board may, from time to time, in its discretion, and in accordance with TSXV policies, grant to directors, officers and consultants to Panda non-transferable Panda Options, provided that, while Panda is a CPC, the number of Panda Shares reserved for issuance under the Panda 2013 Option Plan will not exceed 10% of the issued and outstanding Panda Shares. Such Panda Options may be exercisable for a period of up to 10 years from the date of grant. Upon completion of its Qualifying Transaction, Panda may also grant Panda Options to consultants and employees of Panda. Until the completion of the Qualifying Transaction, the number of Resulting Issuer Shares reserved for issuance pursuant to the Panda 2013 Option Plan will not exceed 10% of the issued and outstanding Resulting Issuer Shares. The number of Resulting Issuer Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Resulting Issuer Shares and the number of Resulting Issuer Shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding Resulting Issuer Shares. Panda Options may be exercised for 90 days following cessation of the optionee's position with Panda unless an optionee was engaged in investor relations activities on behalf of Panda, in which case the Panda Options may only be exercised for 30 days following the optionee's ceasing to hold such position. If the cessation of office, directorship or consulting arrangement was by reason of death, the Panda Options may be exercised within a maximum period of one year after such death, subject to the expiry date of such Panda Options. Any Panda Shares acquired pursuant to the exercise of Panda Options prior to the completion of the Qualifying Transaction must be deposited in escrow pursuant to the CPC Escrow Agreement and will be subject to escrow until the Final Exchange Bulletin is issued.

Because the Panda 2013 Option Plan is primarily intended for CPCs, the Panda Board has adopted the Panda 2017 Option Plan, which was approved by the Panda Shareholders on March 30, 2017. Final adoption of the plan is subject to the approval of the TSXV. Any Panda Options granted following the Closing will be granted solely pursuant to the Panda 2017 Option Plan. The Panda 2017 Option Plan will be a “rolling” stock option plan, pursuant to which the number of Panda Shares reserved for issuance from time to time will not exceed 10% of the issued and outstanding Panda Shares at the date of any Panda Option grant, on an undiluted basis.

The following information is intended as a brief description of the Panda 2017 Option Plan and is qualified in its entirety by the full text of the Panda 2017 Option Plan, a copy of which is attached as Schedule “E” to this Filing Statement. References to Panda below will be deemed to be references to the Resulting Issuer following the Closing:

1. The Panda Board shall establish the exercise price at the time each Panda Option is granted, subject to the following conditions:

    (a) if the Panda Shares are listed on the TSXV, the exercise price will not be less than the minimum prevailing price permitted by TSXV policies;

    (b) if the Panda Shares are not listed, posted and trading on any stock exchange or quotation system, then the exercise price will be determined by the Panda Board at the time of grant;

    (c) if a Panda Option is granted within 90 days of a distribution by a prospectus by Panda, the exercise price will not be less than the price that is the greater of the minimum prevailing price permitted by TSXV policies and the per share price paid by public investors for Panda Shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and

    (d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.

2. Upon expiry of a Panda Option, or in the event a Panda Option is otherwise terminated for any reason, without having been exercised in full, the number of Panda Shares in respect of the expired or terminated Panda Option shall again be available for a grant under the Panda 2017 Option Plan.

3. No Panda Option granted under the Panda 2017 Option Plan may have an expiry date exceeding the maximum exercise period permitted by the TSXV (which is currently ten years from the date on which the Panda Option is granted), unless automatically extended as a result of a blackout period as described below.

4. The expiry date of each Panda Option will be automatically extended if the expiry date falls within a period during which Panda prohibits optionees from exercising their Panda Options, provided that:

    (a) the blackout period has been formally imposed by Panda pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in the policies of the TSXV). For greater certainty, in the absence of Panda formally imposing a blackout period, the expiry date of any Panda Options will not be automatically extended in any circumstances;

(b) the blackout period expires upon the general disclosure of the undisclosed Material Information and the expiry date of the affected Panda Options is extended to no later than ten Business Days after the expiry of the blackout period; and

(c) the automatic extension will not be permitted where the optionee or Panda is subject to a cease trade order (or similar order under applicable securities laws) in respect of Panda's securities.

5. Panda Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued Panda Shares, unless Panda has obtained disinterested shareholder approval.

6. Panda Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued Panda Shares, without the prior consent of the TSXV.

7. Panda Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued Panda Shares, without the prior consent of the TSXV.

8. If a director, employee or consultant of Panda is terminated for cause, then any Panda Option granted to the option holder will terminate immediately upon the option holder ceasing to be a director, employee, or consultant of Panda by reason of termination for cause.

9. If an option holder ceases to be a director, employee or consultant of Panda (other than by reason of death, disability or termination of services for cause), or if an optionee resigns, as the case may be, then any Panda Option granted to the holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that the holder ceases to be a director, employee or service provider of Panda (or such other date as may be determined by the Panda Board in its sole discretion).

10. If the engagement of an option holder engaged in investor relations activities as a consultant is terminated for any reason other than cause, disability or death, any Panda Option granted to such holder that was exercisable and had vested on the date of termination will be exercisable until the earlier of the expiry date and the date that is 30 days after the effective date of the holder ceasing to be a consultant.

11. If an option holder dies, the holder's lawful personal representatives, heirs or executors may exercise any Panda Option granted to the holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of the holder.

12. If an option holder ceases to be a director, employee or consultant of Panda as a result of a disability, the holder may exercise any Panda Option granted to the holder that had vested and was exercisable on the date of disability until the earlier of the expiry date and one year after the date of disability.

13. Panda Options granted to directors, employees or consultants will vest when granted unless determined by the Panda Board on a case by case basis, other than Panda Options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the Panda Options vesting in any three month period.

14. The Panda 2017 Option Plan will be administered by the Panda Board who will have the full authority and sole discretion to grant Panda Options under the Panda 2017 Option Plan to any eligible party, including themselves.

15. Panda Options granted under the Panda 2017 Option Plan shall not be assignable or transferable by an option holder.

16. The Panda Board may from time to time, subject to regulatory or shareholder approval, if applicable, amend or revise the terms of the Panda 2017 Option Plan.

The Panda 2017 Option Plan provides that other terms and conditions may be attached to a particular Panda Option at the discretion of the Panda Board.

Panda RSU Plan

The Panda Board approved the adoption of the Panda RSU Plan (referred to in this section as the "**RSU Plan**") in February 2017 and the RSU Plan was approved by Panda Shareholders on March 30, 2017. It also remains subject to approval of the TSXV. The RSU Plan is designed to promote the alignment of interests among employees, directors, executive officers and shareholders of Panda.

A copy of the RSU Plan is attached as Schedule F to this Filing Statement. The following is a summary of the material terms of the RSU Plan and is qualified in its entirety by the full text of the RSU Plan:

- *Administration*. The RSU Plan is administered by the Panda Board (or a committee thereof) which has the power, subject to the limits imposed by the RSU Plan, to: (i) award Panda RSUs (referred to in this section as "**RSUs**"); (ii) determine the terms under which RSUs are granted; (iii) interpret the RSU Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the RSU Plan; and (iv) make all other determinations and take all other actions in connection with the implementation and administration of the RSU Plan.

- *Number of Securities Issuable*. The RSU Plan is a fixed plan which reserves for issuance a maximum of 3,000,000 of the issued and outstanding Panda Shares.

- *Eligible Persons*. RSUs may be granted to directors, officers, employees and consultants under the RSU Plan.

- *Limits on Participation*. Under the RSU Plan, the maximum number of RSUs that may be granted to any one eligible Person, together with all of Panda's other share-based compensation arrangements, within any twelve month period may not exceed 4% of the outstanding Panda Shares at the time of grant. Additionally, the RSU Plan provides for the following limits on grants:

    - The number of Panda Shares reserved for issue to insiders of Panda, together with all of Panda's other share-based compensation arrangements, in aggregate, may not exceed the maximum permissible limits imposed by the TSXV at the time of grant unless Disinterested Shareholder Approval (as such term in defined in the policies of the TSXV) is obtained or unless otherwise permitted by the TSXV.

    - The number of RSUs that may be granted to insiders of Panda, together with all of Panda's other share-based compensation arrangements, in aggregate, within any twelve month period may not exceed 10% of the issued and outstanding Panda Shares at the time of grant unless Disinterested Shareholder Approval (as such term in defined in the policies of the TSXV) is obtained or unless otherwise permitted by the TSXV.

  - The number of Panda Shares reserved for issue to any one consultant of Panda under the RSU Plan within any twelve month period may not exceed 2% of the issued and outstanding Panda Shares at the time of grant.

  - The number of Panda Shares reserved for issue to any one employee of Panda conducting investor relations services within any twelve month period may not exceed 2% of the issued and outstanding Panda Shares at the time of grant.

- *Redemption of RSUs*. Vested RSUs may be redeemed by a participant for either Panda Shares (with each full RSU to be redeemed for one Panda Share) or, at the election of the participant, a lump sum payment equal to the amount determined by multiplying the number of RSUs to be redeemed by the market price of the Panda Shares at such time.

- *Vesting*. Pursuant to the RSU Plan, there are no mandatory vesting provisions. At the discretion of the Panda Board (or a committee thereof), RSUs granted under the RSU Plan may contain vesting conditions.

- *No Assignment*. All RSUs will be exercisable only by the Person to whom they are granted and are non-assignable and non-transferable.

- *Termination of Employment*. Unless otherwise determined by the Panda Board, in its sole discretion:

  - upon the voluntary resignation or the termination for cause of a participant, all of the participant's unvested RSUs will be forfeited; and

  - upon the termination without cause, the retirement, or the death of a participant, the participant will have a number of RSUs become vested in a linear manner equal to the sum for each grant of RSUs of the original number of RSUs granted multiplied by the number of completed months of employment since the date of grant divided by the number of months required to achieve the full vesting of such RSUs.

- *Change of Control*. Upon a change of control, all RSUs at that time outstanding but unvested will automatically and irrevocably become vested in full.

- *Share Adjustments.* The RSU Plan contains provisions for adjustment in the number of Panda Shares issuable on redemption of RSUs in the event of a share consolidation, split, reclassification or other relevant change in the Panda Shares, or an amalgamation, merger or other relevant change in Panda's corporate structure, or any other relevant change in Panda's capitalization.

- *Black Out Period.* If the redemption date for an RSU occurs during or within 10 Business Days of a black out period applicable to such participant, then the redemption date will be extended to the close of business on the tenth Business Day following the expiration of such period.

- *Amendments Requiring Shareholder Approval.* Panda Shareholder approval is required for the following amendments to the RSU Plan:

  - an amendment changing the eligibility of a participant under the RSU Plan;

  - an amendment to remove or exceed the limits on participation under the RSU Plan;

  - an increase to the aggregate number of securities issuable under the RSU Plan; and

- an amendment granting additional powers to the Panda Board to amend the RSU Plan without Panda Shareholder approval.

- *Amendments Without Shareholder Approval.* Subject to the policies of the TSXV, the RSU Plan may be amended without Panda Shareholder approval for:

  - amendments of a "housekeeping" nature;
  - amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSXV, including with respect to the treatment of RSUs granted under the RSU Plan;
  - amendments respecting the administration of the RSU Plan;
  - amendments necessary to suspend or terminate the RSU Plan; and
  - any other amendment not requiring shareholder approval under applicable law (including the policies of the TSXV).

Prior Sales

The following table sets out information with respect to prior issuances of Panda Shares, all of which were issued for cash. Effective September 29, 2015, Panda completed a consolidation of the issued and outstanding Panda Shares on the basis of 8 pre-consolidation Panda Shares for each post-consolidation Panda Share. Prior to the completion of the consolidation, there were 3,300,000 Panda Shares outstanding. Following completion of the consolidation, there were 412,500 Panda Shares outstanding.

Date Issued	Price per Panda Share	Number of Panda Shares
April 26, 2007	$0.80(1)	162,500(1)(2)
September 26, 2007	$1.60(1)	250,000(1)(3)
September 29, 2015	$0.125(4)	2,400,000(4)
Total		**2,812,500**

(1) Adjusted to give effect to the 8 for 1 consolidation of Panda Shares that occurred on September 29, 2015.

(2) All of these Panda Shares were issued to Non-Arms' Length Parties and deposited into escrow pursuant to the CPC Escrow Agreement. 262,500 Panda Shares were initially issued on this date but 100,000 were cancelled in connection with the transfer of the Panda Shares to the NEX board of the TSXV.

(3) These Panda Shares were issued pursuant to the IPO.

(4) These Panda Shares were issued following the consolidation on September 29, 2015.

Effective February 1, 2017, Panda completed a private placement pursuant to which it issued Panda Debentures in the aggregate principal amount of $600,000.

By letter agreement dated March 20, 2017, among Panda, ABcann and the holders of the ABcann 2016 Debentures, the parties agreed that, if the Transaction is not completed by April 17, 2017, the deadline for completion of the Liquidity Event will be extended to May 9, 2017, provided that Panda agrees to issue the holders an aggregate of 500,000 Panda Warrants, each of which will be exercisable into one Panda Share at price of $0.80 per Share until April 18, 2019 if the Transaction is completed after April 18, 2017 but before May 9, 2017. For additional information see "*Information Concerning ABcann – Consolidated Capitalization – ABcann 2016 Debentures*".

Stock Exchange Price

The following table shows the high, low and closing prices and average daily trading volume of the Panda Shares since January 1, 2015, on a monthly basis for each month of the quarter immediately preceding the current quarter, and on a quarterly basis for the next preceding seven quarters:

Period	High	Low	Close	Volume Traded
March 1, 2017 to March 31, 2017	No trades(1)			
Month ended February 28, 2017	No trades(1)			
Month ended January 31, 2017	No trades(1)			
Month ended December 31, 2016	No trades(1)			
Month ended November 30, 2016	$0.265	$0.24	$0.24	7,375
Month ended October 31, 2016	$0.265	$0.255	$0.265	8,687
Quarter ended September 30, 2016(2)	$0.245	$0.215	$0.245	1,875
Quarter ended June 30, 2016(2)	$0.205	$0.20	$0.20	4,000
Quarter ended March 31, 2016	$0.245	$0.20	$0.20	3,188
Quarter ended December 31, 2015	$0.35	$0.16(3)	$0.245	30,333
September 9 to September 30, 2015	$0.16(3)	$0.16(3)	$0.16(3)	1,500(3)

(1) Trading in the Panda Shares on the TSXV was halted on December 2, 2016, following execution of the Amalgamation Agreement.

(2) Trading in the Panda Shares on the TSXV was halted from June 3, 2016 to July 19, 2016 due to failure to timely file interim financial statements and MD&A for the three months ended March 31, 2016.

(3) Adjusted to give effect to the 8 for 1 consolidation of Panda Shares that occurred effective September 29, 2015.

Arm's Length Transaction

The Transaction is not a Non Arm's Length Qualifying Transaction.

Legal Proceedings

There are no material pending legal proceedings to which Panda is a party, or of which any of its property is the subject matter, nor is Panda aware that any such proceedings are contemplated.

Auditor, Transfer Agent and Registrar

Auditor

The auditor of Panda is MNP LLP, at its Ottawa office at 1600 Carling Avenue, Suite 800, Ottawa, Ontario KIZ 1G3.

Transfer Agent and Registrar

The transfer agent of Panda is TSX Trust, at its Vancouver office, located at 650 West Georgia Street, Suite 2700, Vancouver, BC V6B 4N9.

Material Contracts

Since incorporation, Panda has not entered into any contracts that are still in force that are material to investors in the Panda Shares, except:

1. the Amalgamation Agreement (see "*Information Concerning Panda – General Development of the Business – Description of the Transaction*");

2. the CPC Escrow Agreement (See "*Information Concerning the Resulting Issuer - Escrowed Securities – CPC Escrow Agreement*");

3. the Transfer Agent, Registrar and Disbursing Agent Agreement dated August 28, 2007 between Panda and Equity Transfer & Trust Company (now TSX Trust).

Copies of these agreements may be inspected without charge during regular business hours at the offices of Panda's legal counsel, Clark Wilson LLP, at Suite 900, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, until 30 days after the Closing. Copies of these agreements may also be found under Panda's profile on SEDAR at www.sedar.com.

INFORMATION CONCERNING ABCANN

Corporate Structure

Name and Incorporation

ABcann was incorporated with the name "ABcann Medicinals Inc." on June 20, 2012 pursuant to Articles of Incorporation filed under the OBCA. ABcann's Articles were amended by Articles of Amendment filed on January 18, 2013.

The registered office of ABcann is located at 126 Vanluven Road, Napanee, Ontario K7R 3L2 and it operates out of the same location.

Intercorporate Relationships

ABcann has four wholly-owned subsidiaries, being Patients' Choice, Green Earth, Universal and ABcann Germany.

Patients' Choice was incorporated on February 10, 2014 by Articles of Incorporation filed under the OBCA and has no active business.

Green Earth was incorporated on December 30, 2013 by Articles of Incorporation filed under the OBCA. Green Earth is the title holder of the land and building located in Napanee, Ontario at which ABcann currently operates the Vanluven Facility.

Universal was incorporated by Articles of Incorporation filed under the OBCA on May 28, 2015 under the initial name "2468365 Ontario Inc.". Universal changed its name to "Universal Botanicals Inc." by Articles of Amendment filed under the OBCA on May 29, 2015. Universal's primary focus has been the development of relationships and early agreements with parties outside of Canada seeking to obtain licenses to grow medical marihuana in other jurisdictions to export the intellectual property, growing techniques and other standardization know-how of ABcann. As of the date of this Filing Statement, Universal has no binding agreement to deliver any products, intellectual property or services or any formal agreement with ABcann in relation to its scope of authority to deal with ABcann intellectual property, all of which is done on an internal and informal basis.

ABcann Germany was incorporated on March 1, 2017 under the laws of Germany. ABcann Germany was formed for the purpose of the making of an application for a federal production license to the German federal government. See "*General Development of the Business – International Opportunities*".

General Development of the Business

Overview of the Business

ABcann is in the business of producing, storing and selling medical marihuana. ABcann received the License from Health Canada to operate as a Licensed Producer of medical marihuana under the MMPR on March 21, 2014. ABcann's License is now governed by the ACMPR and has a current term ending on October 31, 2017. At the end of each term of the License, ABcann must submit an application for renewal of the License to Health Canada, containing information prescribed by the ACMPR. ABcann has no information that would lead it to believe that the License will not be renewed in the normal course at the next expiry of the License.

ABcann has been working on developing its marihuana products, systems and facilities so they can be replicated in a number of jurisdictions throughout the world where medical marihuana or recreational marihuana may be legally produced and sold.

ABcann intends to be the first company to have repeatable marihuana products produced and sold in a number of continents and to provide standardized medical cannabis to the world. The Vanluven Facility, which is its flagship facility, contains proprietary plant growing technology, combining the concepts, systems and components to produce high yielding plants, which, in turn, can generate high quality products that are consistent from batch to batch.

ABcann grows its plants in controlled environmental chambers, where every key variable in the growing process is optimized to achieve the consistency that is needed for a standardized plant and product. ABcann is able to control environmental and nutrient demands, tailor made for a particular strain of cannabis, without the variation that is typical when producing large quantities in less-controlled, larger rooms and greenhouse-type structures. As a result, ABcann has a distinctive ability to produce pharmaceutical grade, plant-based medical marihuana that can be prescribed with confidence.

History

In connection with the introduction of the MMPR by Health Canada in 2013, ABcann located and purchased approximately 50 acres of adjoining properties on Kimmett Side Road near Napanee, Ontario, in December 2013 for approximately $450,000 (the "**Kimmett Property**"). After further analysis, ABcann retained the Kimmett Property for future use.

In January 2014, to accelerate the time to obtain the License and commence production, ABcann purchased the Vanluven Facility. ABcann promptly commenced leasehold improvements and the installation of specialty equipment and systems for production at the Vanluven Facility in February 2014. After requisite inspections of the systems and the Vanluven Facility by Health Canada, ABcann received the License on March 21, 2014.

ABcann acquired seeds from Canadian and European sources, providing a wide range of potential strains. During 2015, the various strains were tested in ABcann's first growing chamber, for later selection of phenotypes for production. Pursuant to the terms of the License, ABcann grew test and selection crops using its specialized, computer controlled growing facilities and equipment, until the breadth of the License was expanded to enable ABcann to grow in additional rooms. ABcann commenced full licensed production in mid-2015.

ABcann has entered into an agreement to acquire an additional 15-acre parcel of land adjoining the Kimmett Property and to commence construction for Phase 1 development of the new 1,200,000 square foot Kimmett Facility thereon, with the initial build out comprising approximately 71,000 square feet, planned to yield 20,000 kilograms per year. The agreed purchase price for this additional land is $175,000 and closing of the purchase is expected to occur in early April 2017. The initial phase of the Kimmett Facility is designed to contain 16 growing chambers, increasing ABcann's bloom chamber square footage from 2,112 square feet to approximately 19,000 square feet. Upon completion of the build out, ABcann expects to have more than 150 bloom rooms, representing more than 160,000 square feet of bloom chamber square footage. It is expected that all facilities and bloom rooms can be built and commissioned on a modular basis to respond to market demand.

Abcann's current production facilities measuring 14,500 square feet have the capacity to produce in the order of 1,000 kilograms of medical marihuana per annum. ABcann's current License allows for the production of 625 kilograms of medical marihuana per annum until October 31, 2017. ABcann's management does not know of any reason why the License would not be renewed. ABcann has been successful in obtaining an increase of the permitted amount authorized to be grown under the License with each application for an increase. Based on its operating experience, ABcann believes additional increases will be available when requested in the ordinary course and in compliance with applicable regulations.

The laboratory and the specialized cultivation, growing, control and harvesting systems built and currently used by ABcann at the Vanluven Facility, together with the costs thereof, are described more fully under the heading "*Operations*".

Legal and Business Context

ABcann's business of producing, storing and selling medical marihuana is rigorously regulated.

Legal access to medicinal cannabis or medical marihuana has been a gradual and regulated process in Canada, which started as early as 1999 with the granting of exemptions under the *Controlled Drugs and Substances Act* (Canada). Following successful court actions in which patients reliant on medical marihuana won legal recognition of their rights to access marihuana as a medicine, the Federal Government implemented the MMAR in 2001. The MMAR created an initial regime for individuals with a prescription from their health care practitioner in the required form, to possess and use medical marihuana which they grew themselves, or which they purchased from designated producers or a Health Canada supplier.

In general, this regime of supply was restrictive, and faced continuing court challenges from users, eventually leading to the implementation of the MMPR in June 2013, providing for an expansion of supply based on a regulated private industry of licensed producers of medical marihuana.

ABcann was involved in working groups and policy discussions with the Federal Government when the MMPR framework was being developed, and at the time of the release of the MMPR had already started plans to obtain suitable facilities, financing and personnel to obtain a license to produce under the MMPR.

Over time, court challenges were also mounted to the restrictions in the MMPR, which initially restricted the products made available by Licensed Producers to only dried marihuana. In 2015, the Supreme Court of Canada held that the restriction making only dried medicinal marihuana available to patients was unconstitutional. In response, the Federal Government broadened the scope of available licenses for Licensed Producers to include the production and sale of cannabis oils as well as fresh marihuana leaves and buds.

The current ACMPR provides a more advanced and rigorous regulatory regime for the production, distribution and sale of medical marihuana in Canada, and regulates and contemplates the sale of medical marihuana by Licensed Producers like ABcann to jurisdictions outside of Canada where the use and sale of medical marihuana and derivatives thereof are legally sanctioned.

Liberalizing Regulatory Environment and Competitive Conditions

The ACMPR, like prior regulations, requires patients seeking medical marihuana to obtain medical approval from their health care practitioner and to provide a medical document to a Licensed Producer. However, the ACMPR provisions have simplified the requirements of the MMPR, offering easier access to medical marihuana in Canada, which ABcann believes will continue to improve patient adoption of medical marihuana.

According to Health Canada, more than 98,000 patients had enrolled with Licensed Producers under the ACMPR regime by September 30, 2016. Health Canada also indicates that, as of September 30, 2016, the average amount of dried marihuana for medical purposes authorized per client was 2.6 grams per day. For further information, see the Health Canada website at: http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/market-marche-eng.php.

Further information has recently been released by Canada's Parliamentary Budget Officer (the "**PBO**") in its November 1, 2016 report, which estimates that, in 2018, an estimated 4.6 million individuals aged 15 and over will use cannabis at least once, representing 655 metric tons of cannabis. This number could rise to 5.2 million individuals by 2021, representing 734 metric tons of cannabis. The PBO stated that the pre-tax price of legal cannabis is projected to be between $6.67 and $8.33 per gram, with a mid-point estimate of $7.50. For further information, see "*Legalized Cannabis: Fiscal Considerations*", authored by the Office of the PBO and dated November 1, 2016.

Based on recent public announcements by the Federal Government, and the announced intention of the Federal Government to introduce new legislation to regulate the production and sale of medical marihuana and recreational marihuana, ABcann anticipates further updates to, or the replacement of, the ACMPR, however no specific changes have been formally announced as at the date of this Filing Statement.

Recent Developments

The Task Force on Cannabis Legalization and Regulation (the "**Task Force**") appointed by the Federal Government recently released its report entitled "A Framework for the Legalization and Regulation of Cannabis", dated November 30, 2016 (the "**Report**"). The Task Force makes a number of recommendations in the Report that are relevant to the market for recreational marihuana and, in particular, recommends that the legislation and regulations ultimately put in place by the Federal Government, among other things, do the following:

- set a national minimum age of purchase of 18;
- apply comprehensive restrictions to the advertising and promotion of cannabis and related merchandise;
- allow limited promotion in areas accessible by adults, similar to those restrictions under the *Tobacco Act* (Canada);
- require plain packaging for cannabis products that only display the producer company name, strain name, price, amounts of THC and cannabidiol (CBD), and warnings and other labelling requirements;
- impose strict sanctions on false or misleading promotion as well as promotion that encourages excessive consumption, where promotion is allowed;
- impose requirements to protect children;
- impose a price and tax scheme based on potency to discourage purchase of high-potency products;
- prohibit mixed products, for example cannabis-infused alcoholic beverages or cannabis products with tobacco, nicotine or caffeine; and

- allow for personal cultivation for non-medicinal purposes of up to four plants per residence subject to additional local and safety requirements.

Of particular importance in ABcann's view, the Task Force recommended that the Federal Government:

- continue to regulate the production of cannabis and its derivatives, drawing on the current medicinal marihuana production regime;

- use licensing and production controls to encourage a competitive market; and

- implement a tracking system to prevent diversion and to allow for product recalls.

A full copy of the Report can be found at: http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php.

CIBC World Markets issued a report in January 2016 that provided some early estimates of the size of the Canadian recreational marihuana market. Using the legalized markets in the States of Colorado and Washington as a comparison, it estimated the Canadian recreational marihuana market is in the broad range of $5 billion to $10 billion per year. This compares with estimated annual Canadian liquor sales of between $5 billion and 8.7 billion according to Deloittes. Canaccord Genuity estimates that the number of marihuana users in the first year following the legalization of marihuana will be approximately 4,000,000. Even as an early estimate, this indicates a recreational market size in the order of 4 to 8 times the size of the medical marihuana market in Canada. This report can be found at: http://research.cibcwm.com//economic_public/download/eijan16.pdf.

International Opportunities

Through its wholly-owned subsidiary, Universal, ABcann is in active discussions with licensed producers in Israel, and the States of Massachusetts, Oregon and Washington for the construction and operation of production facilities using ABcann's technologies and systems.

In Australia, Universal is working actively as a consultant to the Government of the State of Victoria on the development of the requirements for regulated medical marihuana production in that state, which Universal expects will result in opportunities to seek a license for production in that state.

Universal is also in negotiations with a German group that is seeking the rights to distribute ABcann's products in Germany. ABcann also recently incorporated ABcann Germany for the purposes of applying for a federal production license in Germany.

Notwithstanding the foregoing, no foreign operations will be undertaken by ABcann, the Resulting Issuer or any of the ABcann subsidiaries until the approval of the TSXV for such operations is received. In connection therewith, the Resulting Issuer will undertake to the TSXV that, for so long as any securities of the Resulting Issuer are listed on the TSXV, the Resulting Issuer and its subsidiaries will only conduct the business of the production, sale and distribution of medicinal marihuana in Canada pursuant to one or more licenses issued by Health Canada in accordance with application law, unless prior approval is obtained from the TSXV.

Products and Sales

Sales and Client Acquisition

ABcann commenced commercial sales and first realized sales revenues in February 2016. In 2016, ABcann had sales exceeding $515,000. ABcann's bulk sales to other licensed producers represented approximately 72% by dollar value of its sales. The remaining 28% of sales by dollar value was made to clients. The reliance on bulk sales early in production was to accelerate revenue, and is expected to decline substantially as ABcann's client base grows. From June, 2016 to March, 2017, sales increased by 30% on a month over month basis, with a customer retention rate during the same period of 94.7%.

Given the current portfolio make up of clients, and the current rates of client acquisition and retention, ABcann anticipates that it will have acquired sufficient clients to absorb its average monthly production from the Vanluven Facility by the end of the second quarter of 2017. Due to the quality of its products, ABcann has the flexibility to continue to make bulk sales to support its revenues as additional clients are acquired.

Current Product Mix and Strains

ABcann continuously reviews and adjusts its product offerings and mix to match market demand. As part of its rigorous and ongoing testing process, ABcann has selected and now offers seven strains of cannabis with differing cannabinoid profiles and medicinal indications, the typical and estimated profiles for which are described below:

Strain Name	Potency	Approximate Percentage of THC by Weight	Approximate Percentage of CBD by Weight
DC:MED (Durga Mata)	Balanced	5.9	10.5
IC:MED (Ice Cream)(Hand Trimmed)	Medium	20	*
IC:MED (Ice Cream)(Patient Ready)	Medium	21	*
NC:MED (Nebula)(Hand Trimmed)	Balanced	5.7	10.3
NC:MED (Nebula)(Patient Ready)	Balanced	5.7	10.3
OP:MED (Opium)(Hand Trimmed)	High	20.8	*
OP:MED (Opium)(Patient Ready)	High	16.6	*
SN:MED (Spoetnik)	High	21	*
SI:MED (Sensi Star)(Hand Trimmed)	High	23	*

Strain Name	Potency	Approximate Percentage of THC by Weight	Approximate Percentage of CBD by Weight
SI:MED (Sensi Star)(Patient Ready)	High	21	*
WP:MED (Wappa)(Hand Trimmed)	High	22	*
WP:MED (Wappa) (Patient Ready)	High	20.4	*

* Less than 0.1.

Marketing Strategies and Competition

Advertising and marketing of medical marihuana in Canada is regulated by the *Food and Drugs Act* (Canada) and the Narcotic Control Regulations issued under the *Controlled Drugs and Substances Act* (Canada). Licensed Producers are strictly prohibited from advertising marihuana products or promoting their use.

ABcann's marketing activities are focused on the promotion of ABcann and increasing its visibility within the marketplace. Those efforts include working with numerous client education centers (patient aggregators), which review the available medical cannabis strains and products available to clients and help clients by making recommendations and referrals. ABcann maintains an active social media presence to increase brand awareness with the general public. It also relies on highly trained employees working in its client care center to give telephone support to clients and prescribing physicians, and otherwise support the educational needs of patients and medical practitioners by publishing up to date information on ABcann's website and providing educational print material as required.

ABcann has applied to Health Canada for licenses to extract and sell cannabis oils. ABcann plans to expand its offerings into oils, tinctures, edibles and topical creams containing a range of cannabis extracts once it obtains the required licenses. ABcann has developed close relationships with companies developing emerging technologies for the processing of cannabis and delivering it to clients on a consistent and measurable dose basis using a variety of delivery methods.

ABcann has significant advantages in the market that include high yield organic growing methods and technology to enable standardization of products, which it expects will enable it to sell very desirable organic, consistently-produced products domestically and potentially, in the future, abroad.

ABcann is actively preparing to respond to increased market demand that is expected to occur following the coming into force of proposed legislation to legalize and regulate recreational marihuana. It intends to participate fully in the legalized recreational marihuana marketplace, subject to compliance with applicable regulatory requirements.

The average sale price per gram of ABcann's products is $10. Currently, its lowest priced product is sold for $5 per gram, and its highest priced product is sold for $14 per gram.

According to Health Canada, there are currently 41 Licensed Producers. Of these, 29 (including ABcann) are fully authorized to sell finished product to registered customers. Health Canada also has 22 companies on its list of Licensed Producers which are licensed to produce and/or sell cannabis oils. Of these, 20 are able to sell finished product to registered customers and two have a license restricted to the production of fresh, undried marihuana and cannabis oil.

Operational Matters

Operations and Distinctive Technology

The core of ABcann's technology is based on proprietary, computer controlled, growth chambers to control and monitor every aspect of the plant growing cycle, the main elements of which are described in the table below:

Environmental Factor	Description
Lighting	In cooperation with its research partners, ABcann is developing proprietary lighting arrangements and control algorithms which will regulate light intensity and the light spectrum to mimic the natural properties of daylight from morning to dusk.
Humidity	ABcann's precise humidity control system can control humidity within a 2% range, which is critical to control mold, powdery mildew and rot, and to enhance product safety.
CO2 Levels	ABcann can measure and supplement CO2 in its growing chambers, controlling a primary source for sustained plant growth.
Temperature	ABcann can vary the temperature to replicate the optimal natural environment preferred by each strain of plant.
Irrigation	ABcann uses a highly automated watering system, in which reverse osmosis is used to generate water, which is then replenished with the optimal minerals, through specialized filtering, to create a well-balanced, standardized water for growing healthy plants.
Nutrition	ABcann's fully automated and computer controlled feeding system can be used to adjust nutrient requirements throughout the crop cycle, to apply customized organic fertilizers.

The Vanluven Facility contains a number of separated and controlled rooms, designed and scalable for increased production, whether in a single location or facility or over multiple facilities. Plants are started in a "Mother Room" where mother plants are grown in consistent and constant environmental conditions to sustain a healthy, vegetative state, from which ABcann harvests healthy cuttings for clones, over a period of months or years, depending on the strain, environmental conditions and market demand. This walk-in room provides uniform conditions suitable for long-term preservation of mature mother plants by controlling the humidity required to preserve genetics.

Cuttings harvested from mother plants are cared for through the initial, vulnerable stage of the cannabis plant's development, requiring high humidity and consistent temperatures to prevent excessive drying of young roots during propagation. ABcann has developed high capacity, multi-tier growth chambers which are well-suited for numerous clone trays. Additive humidity systems provide high humidity levels with moderately low light.

Next, plants are moved to one of ABcann's walk-in vegetative rooms, where the plants establish a healthy root zone and sustain vegetative growth. Consistent temperature, humidity and watering are required.

ABcann's proprietary rooms provide space for short plants in pots or flats on multiple tiers. Lighting over each shelf and horizontal airflow provide uniform growth conditions, while irrigation and nutrient systems nurture young plants.

ABcann's bloom rooms are used during the flowering stage, when cannabis plants require high light intensities and longer daylight cycles to establish desired plant mass and root base prior to blooming. Once flowering is triggered, usually by shortening the light cycle and reducing temperature, flowers start to develop resins containing THC and CBD. During this time, humidity must be kept low to prevent mold from forming on the buds. ABcann has worked with its design partners to design the maximum size growth room for this stage of the growing cycle, providing the precision and control of a growth chamber with the capacity of a greenhouse to deliver a reliable and cost-effective environment for vegetative growth and flowering of cannabis on a commercial scale.

At harvest time, ABcann's walk-in drying room, equipped with high ventilation, low humidity and slightly lower temperature, is used for the drying stage to reduce the water content of cannabis buds, remove unwanted pigment and chlorophyll, and prevent mold formation. This room is equipped with active dehumidification to offer precise control of the drying environment.

ABcann processes and stores finished product in specialized processing and packaging rooms, which are temperature and humidity controlled, and which filter and extract odors with air scrubbing technology.

ABcann's production system has been designed and manufactured to be modular and to allow for easy replication and deployment to new or additional growing facilities. ABcann uses widely available, competitively priced organic fertilizers and growing media. It has strong business relationships with the producers of its needed specialized equipment and growing systems.

The Abcann production system and specialized methodology has given ABcann yields per square foot of growing space which have been in the order of 100% over the reported industry average resulting in very competitive costs of production per gram.

Specialized Knowledge and Personnel

ABcann has a total of 14 salaried full-time employees, and has 20 full-time hourly employees. ABcann also has approximately 20 part-time employees, primarily engaged in harvesting and processing during the growth and harvesting cycle.

ABcann's Chief Horticulturalist, Michael Hofmann, studied production horticulture, greenhouse technology and business management at Kwantlen College in Vancouver, British Columbia. He completed a three year apprenticeship with Storsberg Galabau, GmbH in Solingen, Germany under a Master Gardener. Before joining ABcann, he worked for more than 20 years in the horticulture and greenhouse industries, including as a grower with Eurosa Gardens, the largest production greenhouse on Vancouver Island, and as an owner and operator of a greenhouse production and construction landscaping business on Vancouver Island.

Bubby Kettlewell, Quality Assurance Director and Consultant since 2013, has a Ph.D. in Biology from Queen's University. Since 2006, she has been a Quality Assurance Officer (and Research Associate) at the Analytical Services Unit, Department of Environmental Studies, Queen's University in Kingston. She has also received Auditor training for ISO 9000:2000 Series (plus ISO/IEC 17025:2005).

Ann Burns-Tardif has been ABcann's Health Canada-approved Quality Assurance Person for ACMPR since 2014. She holds a B.Sc. in Biochemistry from the University of Ottawa. Between 1991 and joining

ABcann in 2014, she worked for a number of biotech/pharmaceutical companies as a validation and quality control technician/specialist.

Environmental Matters

ABcann's growing operations by their nature are highly contained and have no material environmental impact. All growing and processing is conducted indoors in controlled rooms. All by-products and waste are disposed of and handled in strict compliance with the requirements of the ACMPR.

Research Relationships

ABcann has had a collaboration with The Controlled Environment Systems Research Facility at the University of Guelph ("**CESRF**") since ABcann's early development stages. The CESRF research group is led by Dr. Michael Dixon, project leader for the Canadian research team investigating the contributions of plants to life support in space. Dr. Dixon formed the Space and Advanced Life Support Agriculture ("**SALSA**") program at the University of Guelph. The SALSA program currently represents Canada's prime contribution to the International Space program objectives in life support.

The CESRF provides a complete research venue suitable for measurement of plant growth, gas exchange, volatile organic compound ("**VOC**") evolution, and nutrient remediation in a precisely controlled environment. The CESRF is comprised of 24 sealed environment chambers, including 14 variable pressure plant growth hypobaric chambers capable of sustaining a vacuum. The CESRF personnel have extensive experience in the fields of plant physiology, environment analysis and sensor technology. ABcann's Vanluven Facility also has a room dedicated to the University of Guelph for CESRF's experiments using cannabis. The CESRF team assisted ABcann in developing the controlled growth environment systems currently being used at the Vanluven Facility.

ABcann currently has a research contract with the CESRF that is focused on the application of new and emerging technologies in the field of controlled environment plant production, and employing a range of innovative non-destructive techniques to assess plant physiological responses. In particular, this involves measuring and/or controlling the consequences of plant-environment interactions in controlled environment systems. The overall objectives of the ongoing research activities are to develop and test innovative technologies that will significantly enhance the reliability of controlled environment medicinal cannabis production. The initial work will address technical objectives related to: (i) the development and deployment of custom water cooled LED arrays with a broad range of spectral qualities to assess various physiological responses of cannabis to light quality and intensity throughout the different growth stages, (ii) design and modification of a suite of custom sealed, controlled environment chambers for the measurement of detailed physiological (photosynthesis, respiration, transpiration) responses to environment control protocols, (iii) development of an appropriate organic growing substrate and fertigation protocol for selected cannabis varieties, and (iv) integration of newly developed automated wireless stem psychrometers for non-destructive measurements of plant water status as a means of quantitatively assessing plant-environment interactions in response to environment control protocols.

Scientific and Medical Advisors

ABcann has assembled a cadre of scientific leaders to provide advice and consultation on the scientific and medical direction of ABcann. The ABcann Scientific Advisory Board is comprised of:

Professor Raphael Mechoulam

Professor Mechoulam, Ph.D., is known as "The Father of Cannabis" and is the most influential figure in the field of medical cannabis research. He is an organic chemist and professor of Medicinal Chemistry at the Hebrew University of Jerusalem. Professor Mechoulam received his M.Sc. in biochemistry from the Hebrew University of Jerusalem in 1952 and his Ph.D. at the Weizmann Institute in 1958. He completed his postdoctoral research at the Rockefeller Institute.

In 1963, Professor Mechoulam elucidated the structure of cannabidiol (CBD), the compound that research indicates is a key to many of the medical properties of cannabis. A year later, Professor Mechoulam was the first scientist to isolate and elucidate the structure of tetrahydrocannabinol (THC), the main physiologically active compound in cannabis, which is responsible for the plant's consciousness altering effects. About twenty years later, Professor Mechoulam and his team found that the human brain produces its very own form of cannabis – a chemical that they named anandamide after the Sanskrit word *ananda*, translated as "bliss". At present his research involves primarily novel derivatives of CBD and investigations of the various activities of endogenous anandamide-like compounds.

Professor Mechoulam has received over 25 academic awards including the Rothschild Prize in Chemical Sciences and Physical Sciences in 2012 for his medical cannabis research.

Donald I. Abrams, M.D.

Dr. Abrams is chief of the Hematology-Oncology Division at Zuckerberg San Francisco General and a Professor of Clinical Medicine at the University of California San Francisco. He has an Integrative Oncology consultation practice at the UCSF Osher Center for Integrative Medicine. He was one the original clinician/investigators to recognize and define many early AIDS-related conditions. He has long been interested in clinical trials of complementary and alternative medicine interventions for HIV/AIDS and cancer, including evaluations of medicinal cannabis. In 1997, he received funding from the National Institute on Drug Abuse to conduct clinical trials of the short-term safety of cannabinoids in HIV infection. Subsequently, he was granted funds by the University of California Center for Medicinal Cannabis Research to continue studies of the effectiveness of cannabis in a number of clinical conditions. He completed a placebo-controlled study of smoked cannabis in patients with painful HIV-related peripheral neuropathy, as well as a study evaluating vaporization as a smokeless delivery system for medicinal cannabis. He also completed an NIDA-funded trial investigating the possible pharmacokinetic interaction between vaporized cannabis and opioid analgesics in patients with chronic pain. He is now conducting a placebo-controlled translational study of a vaporized THC:CBD strain in patients with sickle cell anemia and pain, funded by the US National Heart, Lung and Blood Institute. Dr. Abrams co-authored the chapter on "Cannabinoids and Cancer" in the Oxford University Press Integrative Oncology text that he co-edited with Andrew Weil, and he co-edits the NCI PDQ CAM Cannabinoids and Cancer website. Dr. Abrams has taken a temporary leave from his advisory position with ABcann while he is working on the United States National Academies of Sciences, Engineering and Medicine's Committee on the Health Effects of Marijuana: An Evidence Review and Research Agenda.

Michael Dixon, Ph.D.

Dr. Dixon is a Professor in the School of Environmental Sciences and Director of the CESRF and program at the University of Guelph. CESRF is world renowned in research and technology development dedicated to plant and microbial interactions in advanced life support systems. His work with ABcann is described in more detail under the section entitled "*Research Relationships*".

Christopher Hudalla, Ph.D.

Dr. Hudalla is a Co-Founder and Chief Scientific Officer of ProVerde Laboratories, Inc. in Milford, Massachusetts. He is an analytical chemist with more than 25 years of research experience in analytical chemistry, spectroscopy and chromatographic method development. He is recognized worldwide as an expert in the field of traditional Reverse Phase Liquid, Supercritical Fluid and Convergence Chromatography.

Michael Shannon, M.A. MSc., M.D.

Dr. Shannon served in the Canadian Forces for 31 years, retiring at the rank of Commodore (Brigadier General equivalent) as Deputy Surgeon General for Canada. In 1996, he assumed responsibilities within Health Canada for re-organizing the Canadian blood system and the development of a new corporate entity dedicated exclusively to the management of blood services in Canada. He was then appointed Director General for the Laboratory Centre for Disease Control. In December 2000, Dr. Shannon left the Federal Government to pursue a new career in industry. In that capacity, he simultaneously directed a phase III clinical trial in Canada, the United States and Great Britain for an artificial blood substitute product. Dr. Shannon has been actively engaged in medical bio-oxidative (O3 based) research since 1987 and has served as the Senior Medical Advisor to Medizone International since 2002. In October 2008, he was appointed the President of the Canadian Foundation for Global Health.

Paul Daeninck, M.Sc., M.D. FRCPC

Dr. Daeninck is a medical oncologist and palliative medicine consultant with Cancer Care Manitoba and The Winnipeg Regional Health Authority Palliative Care Program. He is an Assistant Professor and Leader for the Palliative Care Longitudinal Theme for Undergraduate Education at the College of Medicine, University of Manitoba. Dr. Daeninck has served with several national organizations, including those of the Canadian Society of Palliative Care Physicians and Canadian Partnership Against Cancer. He sits on the Board of Directors of the Canadian Consortium for the Investigation of Cannabinoids. He has ongoing research interests in several aspects of palliative medicine, including that of cannabinoid use in patients with cancer. He has taught many health care professionals through the Accredited Cannabinoid Education project and the Cannabinoids in Clinical Practice symposia, as well as at several other national and international conferences.

ABcann plans to continue to support research with international leaders in controlled environmental systems to give it continuing access to the latest science and discoveries to support its innovative production approach.

Management's Discussion and Analysis

Selected Consolidated Financial Information

<u>Selected Annual Information</u>

The following table sets out selected financial information of ABcann as at and for the periods indicated:

	9 months ended September 30, 2016 ($) (unaudited)	**Year ended December 31, 2015 ($) (audited)**	**Year ended December 31, 2014 ($) (audited)**
Revenue	210,750	-	-
Other income	128,175	73,680	853
Net loss	2,962,828	4,401,748	3,975,940
Net loss per share	0.05	0.07	0.09
Total assets	7,504,765	7,436,361	7,416,677
Long-term liabilities	1,512,970	1,023,409	-
Dividends per share	-	-	-

ABcann is not a reporting issuer. The following MD&A has been prepared solely for inclusion in this Filing Statement and should be read in conjunction with the ABcann Financial Statements attached to this Filing Statement as Schedule "C". This MD&A also contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. See "*Cautionary Statement Regarding Forward-Looking Statements*". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under the heading "*Risk Factors*".

<u>Results of Operations</u>

The following is a summary of ABcann's expenses for the periods indicated:

	For the nine months ended September 30, 2016 (unaudited)	For the nine months ended September 30, 2015 (unaudited)	For the year ended December 31, 2015 (audited)	For the year ended December 31, 2014 (audited)
Salaries and wages	1,364,954	938,330	1,360,159	1,190,844
Amortization and depreciation	28,435	26,244	34,992	17,037
Share-based payments	171,789	260,594	440,721	952,255
Consulting fees	268,470	257,641	329,040	249,369
Research and development	30,940	215,000	328,434	225,000
Professional fees	38,772	120,225	236,335	129,020
Office expense	231,311	170,739	201,915	164,398
Finance expense	664,785	59,188	270,292	50,271
Impairment of loan receivable	-	-	160,000	-
Travel	84,236	97,578	118,229	135,352
Advertising & promotion	15,637	78,227	103,211	15,683
Communication	37,705	43,843	54,302	17,819
Vehicle	30,828	36,414	44,576	33,822
Rent	18,000	18,500	24,500	34,078
Insurance	23,186	16,639	22,095	10,723
Property tax	14,445	18,468	14,984	15,257
Loss on disposal of property and equipment	-	6,975	6,975	1,139
Gain on change in fair value of derivative liability	(355,050)	-	(44,199)	-
Loss on early conversion of convertible debentures	-	-	-	225,201
Finance income	(6,443)	(6,966)	(9,178)	(5,792)

Year Ended December 31, 2015 versus Year Ended December 31, 2014

In the year ended December 31, 2015, ABcann incurred $1,485,038 on cost of sales; production salaries and wages; supplies and expense; and amortization and depreciation of production property, plant and equipment, versus $515,317 in the prior year. There was a significant ramp up in production costs as ABcann was working on developing its marihuana products, systems and facilities.

A gain of $706,993 was recognized on the biological transformation of plants being grown during the year ended December 31, 2015. No gain was recognized during the prior year, as ABcann commenced full licensed production in mid-2015. The gain on biological transformation is a non-cash recovery.

Given ABcann's increased operations during 2015, there was generally an increase in most expenses from the prior year, with two notable exceptions being share-based payments and loss on early conversion of certain convertible debentures. Share-based payments decreased from $952,255 in 2014 to $440,721 in 2015. This was a non-cash expense and related to stock options issued to employees and consultants. In 2014, there was also a loss on early conversion of convertible debentures of $225,201 versus $nil in 2015. This was a non-cash expense and did not reoccur in 2015.

Finance expense increased to $270,292 in 2015 compared to $50,271 in 2014, due to the receipt of additional debt financing in 2015.

The net loss of $4,401,748 for the year ended December 31, 2015 was larger than the loss of $3,975,940 for the year ended December 31, 2014 due to ABcann's growth in operations after receipt of the License. This increase is generally attributable to an increase in production costs, general and administrative expenses, finance expenses and research and development expenses.

Nine Months Ended September 30, 2016 versus Nine Months Ended September 30, 2015

ABcann commenced commercial sales of medicinal cannabis in February 2016, with $210,750 of sales during the nine months ended September 30, 2016. ABcann's bulk sales to other Licensed Producers represent approximately 72% by dollar value of its sales to date and the remaining 28% of sales by dollar value has been made to clients. The reliance on bulk sales early in production was to accelerate revenue, and is expected to decline substantially as ABcann's client base grows.

Based on average rates of use and on the current rates of client acquisition and retention, ABcann anticipates that it will have acquired sufficient clients to absorb its average monthly production from the Vanluven Facility by the second quarter of 2017. Due to the quality of its products, ABcann has the flexibility to continue to make bulk sales to support its revenues as additional clients are acquired.

Given the receipt of its full License, cost of sales; production salaries and wages; supplies and expense; and amortization and depreciation of production property, plant and equipment, increased significantly to $1,921,477 for the nine months ended September 30, 2016, versus $867,007 in the same period for the prior year. Offsetting these costs was a gain of $1,281,724 recognized on the biological transformation of plants being grown during the period. A substantially smaller gain of $180,602 was recognized during the same period for the prior year, as ABcann commenced full licensed production in mid-2015.

Non-production salaries and wages also increased, from $938,330 during the nine months ended September 30, 2015 to $1,364,954 during the same period in 2016, due to growth in operations and required administrative and selling infrastructure.

Finance expenses increased substantially to $664,785 during the nine months ended September 30, 2016, due to increased mortgage, loans payable and convertible debentures, versus $59,188 for the nine months ended September 30, 2015.

The gain of $355,050 on the change in fair value of a derivative liability in 2016 was a non-cash item relating to the valuation of a conversion feature for outstanding convertible debentures. The convertible debentures contain a down round adjustment provision, which adjusts the conversion price if securities are issued at an effective price per share that is lower than the stated conversion price. This down round adjustment provision is considered a derivative liability and must be fair valued at each reporting period.

After taking into consideration the above, the net loss for the nine months ended September 30, 2016 of $2,962,828 was a slight decrease compared to the net loss in the comparable period in 2015 of $2,996,324.

Liquidity, Capital Resources and Commitments

As at September 30, 2016, ABcann had cash of $108,932 and negative working capital of $4,026,491. ABcann is in the early growth phase and, although it generates revenue from sales, it will require a substantial amount of additional funds to complete the development of its products, to build a sales and marketing organization, and to fund additional losses, which it expects to incur.

The following table outlines ABcann's contractual obligations as at September 30, 2016

	Within 1 Year ($)	**1 to 3 Years ($)**	**3 to 5 Years ($)**	**Total ($)**
Accounts payable and accrued liabilities	1,388,583	-	-	1,388,583
Mortgage payable	1,520,985	-	-	1,520,985
Loans payable	3,018,770	-	-	3,018,770
Convertible debenture	-	1,500,000	-	1,500,000
Research commitment	135,000	400,000	-	535,000
Total	**6,063,338**	**1,900,000**	**-**	**7,963,338**

Under its terms, the convertible debenture referred to in the table above, which is the ABcann 2015 Debenture, will automatically convert into ABcann Shares in the event that ABcann completes a material equity financing pursuant to which it raises not less than $4,000,000 prior to the maturity date. As the Concurrent Subscription Receipt Financing will be undertaken by Panda rather than ABcann, ABcann expects that the holder of the ABcann 2015 Debenture will voluntarily convert the ABcann 2015 Debenture into ABcann Shares on or prior to the Closing.

Subsequent to September 30, 2016:

- ABcann's property mortgage, representing $1,170,985 at September 30, 2016, was repaid in full and discharged;

- a conversion feature was added to an ABcann loan payable representing $1,936,907 as at September 30, 2016. The conversion feature allows the lender the discretion to convert all or a part of the loan into ABcann Shares at a price of $0.41 per ABcann Share; and

- ABcann raised $5 million of debt financing through the issuance of the ABcann 2016 Debentures, which are senior secured convertible debentures.

Panda and ABcann plan to raise an additional $8 million in connection with the Concurrent Subscription Receipt Financing and $15 million in connection with the Concurrent Debenture Financing. See "*Information Concerning Panda – Concurrent Financings*".

Litigation

ABCann may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable. Legal fees for such matters are expensed as incurred and ABcann accrues for adverse outcomes as they become probable and estimable.

ABcann has been named a defendant in a legal action. Management is of the opinion that there is a strong defence against the claim. Accordingly, no provision for losses has been reflected in its accounts for this matter. Furthermore, the co-defendant has signed an indemnity agreement, dated December 12, 2014, agreeing to indemnify and hold ABcann harmless from and against all costs, damages, losses and liabilities arising from the legal action.

International Financial Reporting Standards (IFRS) and Accounting Changes

The accompanying financial statements are ABcann's first set of annual consolidated financial statements prepared in accordance with IFRS. Previously, ABcann prepared its financial statements in accordance with Accounting Standards for Private Enterprises ("**ASPE**"). IFRS 1, *First-time Adoption of IFRS* ("**IFRS 1**") has been applied and the impact of the transition from ASPE to IFRS is explained further in the ABcann Financial Statements.

The accounting policies set out below have been applied consistently to all periods presented, and in preparing the opening consolidated statements of financial position at January 1, 2014 for purposes of transition to IFRS.

IFRS exemptions and choices

In preparing its opening IFRS consolidated statements of financial position, ABcann did not adjust the amounts reported previously in its financial statements prepared in accordance with ASPE. There was no consolidated financial statement impact resulting from the transition from ASPE to IFRS, other than as described below.

As part of the transition, warrants and broker warrants issued as part of a private placement that were previously allocated to share capital under ASPE were reallocated to warrant reserve under IFRS. In addition, for the year ended December 31, 2014, the incremental consideration to induce the exchange of convertible debentures was charged to net loss and comprehensive loss under IFRS, rather than charged to retained earnings as previously under ASPE.

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting date. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

ABcann did not use the optional exemptions listed in IFRS 1.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have not been applied in preparing these consolidated financial statements, as set out below:

- IFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

- IFRS 15, *Revenue from Contracts with Customers*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, *Revenue*, and IAS 11, *Construction Contracts*, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

- In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

ABcann has yet to assess the impact of these standards. Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on ABcann's consolidated financial statements.

Off-Balance Sheet Arrangements

ABcann does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the ABcann.

Financial Instruments

ABcann has classified its cash and cash equivalents as fair value through profit and loss, other receivables, short-term investments, due from related parties, loan receivable and mortgage receivable as loans and receivables, and accounts payable and accrued liabilities, derivative liability, due to related parties, mortgage payable, convertible debenture and loans payable as other financial liabilities. The carrying values of cash and cash equivalents, other receivables, short-term investments, due to/from related parties, loan receivable, accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity. For additional information, refer to the ABcann Financial Statements.

Related Party Transactions

For details on related party transactions, refer to "*Non-Arms' Length Transactions*" and the ABcann Financial Statements.

Trends and Outlook

The medical marihuana industry has experienced significant changes in Canada with the introduction of the ACMPR and the impending impetus to legalize cannabis for recreational use. This has generated an increase in investment in the industry and an overhaul to the way potential clients will be able to obtain cannabis in Canada. ABcann plans to continue monitoring industry trends. See "*Business of ABcann – Recent Developments*" for additional information.

Description of the ABcann Shares

As of the date of this Filing Statement, ABcann's authorized share capital consists of an unlimited number of ABcann Shares, an unlimited number of Class "B" common shares, an unlimited number of Class "A" Preference shares, an unlimited number of Class "B" Preference shares, an unlimited number of Class "C" Preference shares, an unlimited number of Class "D" Preference shares and an unlimited number of Class "E" Preference shares, of which 72,896,446 ABcann Shares are issued and outstanding and no other shares are issued and outstanding.

The ABcann Shares are subject to the terms of a unanimous shareholders agreement, which, among other things, restricts the transfer of ABcann Shares by ABcann Shareholders, and the ability of ABcann to issue additional equity and debt securities without the consent of ABcann Shareholders.

Holders of ABcann Shares are entitled to one vote for each ABcann Share on all matters to be voted on by shareholders at meetings of the ABcann Shareholder. Holders of ABcann Shares will be entitled to receive such dividends, if, as and when declared by the ABcann Board, out of profits, capital or otherwise. All dividends which the ABcann Board may declare shall be declared and paid in equal amounts per ABcann Share on all ABcann Shares at the time outstanding. On liquidation, dissolution or winding up of ABcann, the holders of ABcann Shares will be entitled to receive the property of ABcann remaining after payment of all outstanding debts on a pro rata basis, but subject to the rights, privileges, restrictions and conditions of any other class of shares issued by ABcann. There are no pre-emptive, redemption or conversion rights attaching to the ABcann Shares. All ABcann Shares, when issued, are and will be issued as fully paid and non-assessable shares without liability for further calls or to assessment.

All of the holders of ABcann Shares are party with ABcann to a unanimous Class A Shareholder Agreement made as of August 29, 2014, which, among other things, restricts the transfer of ABcann Shares (the "**Shareholders' Agreement**"). If the Amalgamation is approved by the requisite majority of not less than two-thirds of the holders of ABcann Shares that vote on the Amalgamation, all of the holders of ABcann Shares are obligated by the Shareholders' Agreement to vote in favour of the Amalgamation and are required to tender their ABcann Shares to Panda. The Shareholders' Agreement provides that, to the extent permitted by applicable law, all holders of ABcann Shares have waived their right to dissent and be paid fair value for their ABcann Shares, including with respect to the Amalgamation.

Consolidated Capitalization

The following table sets out any material change in, and the effect of the material change on, the share and loan capital of ABcann, on a consolidated basis, since September 30, 2016:

Designation of Security	Amount Authorized	Number of ABcann Shares outstanding as at September 30, 2016[(1)]	Number of ABcann Shares outstanding as at the date of this Filing Statement
ABcann Shares	unlimited	64,532,993	**72,896,446**

(1) As of September 30, 2016, ABcann had a deficit of approximately $13,970,234.

In addition to the foregoing, ABcann has the following options and convertible securities outstanding as at the date of this Filing Statement:

Type of Security	Issue Date(s)	Amount outstanding as of the date of this Filing Statement	Exercise Price	Expiry Date
ABcann Options	Between October 25, 2012 and January 23, 2017	6,131,951	$0.41, except as noted in note[(1)]	Between October 9, 2014 and January 1, 2026
ABcann Warrants	Between October 25, 2012 and January 23, 2017	32,404,430	$0.62, except as noted in notes [(2)] to [(5)]	Between September 9, 2017 and October 30, 2021
ABcann 2016 Debentures	October 17, 2016	Aggregate principal amount of $5,000,000	[(6)]	October 16, 2018
ABcann 2015 Debenture	November 10, 2015	Aggregate principal amount of $1,500,000	$0.41, excepted as noted in note[(7)]	November 10, 2017
ABcann 2016 Loan	November 15, 2016	Principal amount of $942,000[(8)]	$0.41	November 15, 2019

(1) 25,000 of these ABcann Options are exercisable at $0.53 per share and 2,200,000 are exercisable at $0.50 per share.

(2) 7,768,000 of these ABcann Warrants are exercisable at $0.41 per share.

(3) Upon and subject to the conversion of the ABcann 2015 Debenture into ABcann Shares, ABcann is required to issue to the holder ABcann Warrants providing that, upon payment by the holder of an aggregate exercise price of $300,000, the holder shall have the right to be issued ABcann Shares with an exercise price per share for such number of ABcann Shares that, when taken with the number of ABcann Shares issued to the holder pursuant to the conversion of the ABcann 2015 Debenture, will cause the weighted average purchase price for all ABcann Shares purchased by and issued to the holder to be $0.36 per ABcann Share, subject to specified adjustment provisions.

(4) The holders of the ABcann 2016 Debentures have the right to be issued such number of ABcann Warrants as is equal to 50% of the number of ABcann Shares issuable upon the conversion of the ABcann 2016 Debentures into ABcann Shares, which is expected to be a total of 3,906,250 warrants. The exercise price for these ABcann Warrants is to be equal to the price of the liquidity event triggering the issuance of the ABcann Warrants. These ABcann Warrants will be exercisable for a period of 24 months from their date of issue.

(5) In connection with the completion of private placements on January 13, 2017 and January 30, 2017, ABcann issued 1,560,975 ABcann Warrants and 853,658 ABcann Warrants, respectively, each of which is exercisable into one ABcann Share at an exercise price of $0.50 per share for two years.

(6) Upon and subject to ABcann becoming a reporting issuer, the holders may convert all or part of these securities into ABcann Shares at a discount of 20% from the initial public price of the ABcann Shares. If the Transaction is completed, it is expected that the conversion price will be $0.64, being a discount of 20% to the proposed $0.80 offering price in connection with the Concurrent Subscription Receipt Financing. Additional information with respect to the terms of the ABcann 2016 Debentures is set out below.

(7) Subject to price adjustment provisions for issuances of ABcann Shares at a price less than $0.41. Additional information with respect to the terms of the ABcann 2015 Debenture is set out below.

(8) Any conversion of interest outstanding on the ABcann 2016 Loan will be subject to Policy 4.3 of the TSXV Corporate Finance Manual. The original principal amount of the ABcann 2016 Loan was $1,942,000. $1,000,000 of the principal amount, plus accrued interest to the date of conversion on the full $1,942,000, was converted into an aggregate of 1,512,195 ABcann Shares, at a deemed conversion price of $0.41 per share, effective January 23, 2017. The balance of the principal amount outstanding is $942,000 as at the date hereof.

ABcann 2015 Debenture

The ABcann 2015 Debenture bears interest at the rate of 12% per annum, calculated and compounded monthly, and payable on the maturity date of November 10, 2017.

The certificate representing the ABcann 2015 Debenture provides that the ABcann 2015 Debenture will automatically convert in the event of a material financing, which is defined as an issuance of equity securities of ABcann yielding net proceeds to ABcann of not less than $4,000,000 by way of one or more transactions during any 90 day period.

The ABcann 2015 Debenture is otherwise only convertible in the sole discretion of the holder, who has the option to convert all, and not less than all, of the outstanding principal of the ABcann 2015 Debenture, and accrued interest thereon, into ABcann Shares at a conversion price of $0.41 per share; provided that, if ABcann at any time prior to the maturity date issues any equity or debt securities at an effective price of less than $0.41 per share, then the conversion price shall be adjusted to such lower price.

In addition, the certificate provides that, upon any conversion, ABcann shall issue the holder an ABcann Warrant providing that, on payment by the holder of an exercise price of $300,000, the holder shall have the right to be issued ABcann Shares at an exercise price per share such that, when taken with the number of ABcann Shares issued on conversion of the ABcann 2015 Debenture, the weighted average purchase price for all ABcann Shares purchased by and issued to the holder shall be the conversion price of the ABcann 2015 Debenture, less $0.05 per ABcann Share (therefore expected to be $0.36). As a result of this formula, assuming a conversion date of March 15 2017, 4,289,922 ABcann Shares are expected to be issued on conversion of the principal amount of the ABcann 2015 Debenture at a conversion price of $0.41 per ABcann Share and 1,429,156 ABcann Shares are expected to be issued on exercise of the ABcann Warrants issued on conversion of the ABcann 2015 Debenture at an exercise price of $0.21 per ABcann Share. All of the ABcann Warrants are expected to be exercised immediately following issuance, such that a total of 5,719,078 ABcann Shares are expected to be issuable on conversion of the ABcann 2015 Debenture (subject to adjustment based on accrued interest at the actual date of conversion).

ABcann 2016 Loan

Effective November 15, 2016, ABcann and Ying (Jenny) Guan, the CFO of ABcann, entered into an amended and restated loan agreement pursuant to which the parties agreed to consolidate loans made by Ms. Guan to ABcann pursuant to loan agreements dated May 28, 2015 and June 8, 2016 into the new agreement and Ms. Guan agreed to make additional advances to ABcann such that the total funds advanced totaled $1,942,000. The ABcann 2016 Loan bears interest at the rate of 10% per annum, calculated semi-annually, and is payable at the earlier of demand of Ms. Guan or November 15, 2019. In connection with the advance of the ABcann 2016 Loan, Ms. Guan was granted an aggregate of 7,768,000 ABcann Warrants, each of which will be exercisable into one ABcann Share at a price of $0.41 per share until November 15, 2021. As at the date hereof, a balance of $942,000 remains outstanding under the ABcann 2016 Loan. The ABcann 2016 Loan is secured by a subordinated general security agreement, which is expressly subordinated to the security granted to the holders of the ABcann 2015 Debenture and the ABcann 2016 Debentures. Any future conversion of accrued interest on the ABcann 2016 Loan will be subject to TSXV Policy 4.3 – *Shares for Debt*.

ABcann 2016 Debentures

The ABcann 2016 Debentures bear interest at the rate of 10.0% per annum, calculated and payable semi-annually, with interest payable on the last day of June and December of each year, and with the first payment to be made on June 30, 2017. The ABcann 2016 Debentures are due on October 16, 2018 and are fully secured by general security agreements signed by ABcann and each of the ABcann Subsidiaries, as well as securities pledge agreements with respect to all securities of the ABcann Subsidiaries.

The debenture certificates representing the ABcann 2016 Debentures define a "**Liquidity Event**" as meaning that ABcann effects a transaction pursuant to which it becomes a reporting issuer and the ABcann Shares or the common shares of any resulting issuer would be listed and posted for trading on a designated exchange (including the TSXV), which transaction may include, without limitation, an initial public offering, a reverse take-over or a merger with an existing reporting issuer, provided that a transaction will only qualify as a Liquidity Event if the issuer completes a concurrent equity financing from treasury for gross proceeds of not less than $5 million.

Following a Liquidity Event, the ABcann 2016 Debentures are convertible at the option of the holder at any time prior to the close of business on the maturity date at a conversion price (the "**Conversion Price**") equal to an amount which represents a 20% discount to the transaction price assigned to each common share of ABcann or the resulting issuer on the completion of, or in connection with, a Liquidity Event (the "**Liquidity Event Price**"). Upon conversion, holders will receive accrued and unpaid interest up to the date of conversion. If, following a Liquidity Event and prior to the maturity date, the VWAP of the shares on the TSXV (or other applicable exchange) equals or exceeds 150% of the Liquidity Event Price, ABcann may force the conversion of all, but not less than all, of the principal amount of the ABcann 2016 Debentures at the Conversion Price.

If a Liquidity Event is not completed by April 17, 2017 (the "**Deadline**"), the holders shall have the right to redeem the principal amount of the ABcann 2016 Debentures in full. If the holders exercise such right, ABcann shall be required to: (i) repay the principal amount of the ABcann 2016 Debentures in full and (ii) pay all of the remaining interest payments up to and including the maturity date. The Deadline may be extended by an additional three months with the consent of the holders, acting reasonably, if: (i) all attempts have been made by ABcann to effect a Liquidity Event and the Liquidity Event has been temporarily delayed through no fault of ABcann, and (ii) ABcann pays the holders on the Deadline an interest penalty in cash in an amount equal to 10% of the outstanding principal amount of the ABcann 2016 Debentures with respect which the conversion right has not been exercised.

By letter agreement dated March 20, 2017, among Panda, ABcann and the holders of the ABcann 2016 Debentures, the parties agreed that, if the Transaction is not completed by April 17, 2017, the deadline for completion of the Liquidity Event will be extended to May 9, 2017, provided that Panda agrees to issue the holders an aggregate of 500,000 Panda Warrants, each of which will be exercisable into one Panda Share at price of $0.80 per Share until April 18, 2019 if the Transaction is completed after April 18, 2017 but before May 9, 2017.

Not less than 30 days prior to any Change of Control (as defined in the ABcann 2016 Debenture certificates), ABcann shall notify the holders and the holders shall, in their sole discretion, have the right to require ABcann to either: (i) purchase the ABcann 2016 Debentures at 100% of the principal amount plus unpaid interest to the maturity date; (ii) if the Change of Control results in a new issuer, convert the ABcann 2016 Debentures into replacement debentures of the new issuer in the aggregate principal amount of 101% of the aggregate principal amount of the ABcann 2016 Debentures on substantially equivalent terms; or (iii) if a Liquidity Event has already taken place or if the Change of Control is a Liquidity Event, convert the ABcann 2016 Debentures at the Conversion Price.

On and in connection with the completion of a Liquidity Event, ABcann shall issue to the holders of the ABcann 2016 Debentures such number of ABcann Warrants as entitle the holders to acquire a number of ABcann Shares or Resulting Issuer Shares equal to 50% of the number of ABcann Shares issuable on conversion in respect of the principal amount owing under the 2016 Debentures immediately prior to conversion, at an exercise price per share equal to the Liquidity Event Price, and exercisable for a period of 24 months from completion of the Liquidity Event. Notwithstanding the foregoing, in the event of a redemption of the 2016 Debentures prior to a Liquidity Event, the ABcann Warrants shall be issued by ABcann to the holders, which ABcann Warrants shall be exercisable for a period of 24 months from the date of issue at an exercise price equal to the fair market value of the ABcann Shares. It is expected that, in connection with the closing of the Transaction, an aggregate of 3,906,250 Resulting Issuer Warrants will be issued to the holders of the 2016 Debentures, representing 50% of the number of Resulting Issuer Shares expected to be issuable in the event that the $5 million principal amount of the ABcann 2016 Debentures was converted in full. Each of these Resulting Issuer Warrants will be exercisable into one Resulting Issuer Share at a price of $0.80 per share for two years from the Closing.

Prior Sales

The following table sets forth the dates and the prices at which ABcann Shares and other ABcann securities have been sold within the 12 month period prior to the date of this Filing Statement:

Date	Number and Type of Security	Issue Price per Security	Aggregate Issue Price	Consideration Received
January 1, 2016	98,171 ABcann Options(1)	$0.01	N/A	N/A
February 5, 2016	25,000 ABcann Shares	$0.0001	$25.00	$25.00
March 2, 2016	150,944 ABcann Shares	$0.53	$80,000	$80,000
October 16, 2016	5,000 ABcann 2016 Debentures(2)	$1,000	$5,000,000	$5,000,000
November 15, 2016	ABcann 2016 Loan(3)	$0.41	$1,942,000	$1,942,000
November 28, 2016	28,302 ABcann Shares	$0.53	$11,603.82	$11,603.82
November 28, 2016	3,216,951 ABcann Options	$0.41	N/A	N/A
	25,000 ABcann Options	$0.53	N/A	N/A
	600,000 ABcann Options(4)	$0.0001	N/A	N/A

Date	Number and Type of Security	Issue Price per Security	Aggregate Issue Price	Consideration Received
December 19, 2016	244,844 ABcann Shares	$0.41	$100,386.09	Settlement of invoice for engineering services rendered.
December 31, 2016	30,488 ABcann Shares	$0.41	$12,500	$12,500
January 13, 2017	1,560,975 ABcann Units(5)	$0.41	$640,000	$640,000
January 23, 2017	698,171 ABcann Shares	$0.0001	$60.00	Issued on exercise of ABcann Options
	2,409,235 ABcann Units	$0.41	$987,786	Debt Settlement
January 23, 2017	1,512,195 ABcann Shares	$0.41	$620,000	Debt Settlement
January 30, 2017	853,658 ABcann Units(5)	$0.41	$350,000	$350,000
March 23, 2017	512,795 ABcann Shares	$0.41	$210,246	$210,246
March 29, 2017	512,790 ABcann Shares	$0.41	$210,244	$210,244

(1) All of such ABcann Options were exercised in January 2017.

(2) ABcann Warrants were issued with the ABcann 2016 Debentures, the details of which are disclosed above under the heading "*Consolidated Capitalization – ABcann 2016 Debentures*".

(3) ABcann Warrants were issued with the ABcann 2016 Loan, the details of which are disclosed above under the heading "*Consolidated Capitalization – ABcann 2016 Loan*".

(4) These ABcann Options were exercised on January 23, 2017.

(5) The ABcann Warrants forming part of these ABcann Units are exercisable at $0.50 per ABcann Share for a term of two years from the date of issuance.

Stock Exchange Price

The ABcann Shares are not listed on the TSXV or any other Canadian or foreign stock exchange and are not traded on any Canadian or foreign market.

Executive Compensation

The objectives for ABcann's compensation policy are simple. As a business in a start-up phase, ABcann has had constrained cash resources to compensate ABcann NEOs and employees. As a consequence, compensation is determined by the Compensation Committee and overseen by the ABcann Board, but in many cases ABcann NEOs have deferred salary until adequate cash reserves have been established. Compensation has been designed to adequately compensate the NEOs for their time and skill and to drive the success of ABcann, and has emphasized equity share based compensation and the grant of ABcann Options as a means to reward and give incentives to ABcann NEOs and employees alike.

All executive compensation is reviewed by the Compensation Committee of the ABcann Board and submitted to the ABcann Board for approval. Such review includes consideration of each element of the compensation package, including salary, bonus, share awards and option awards.

The ABcann Board has recently approved the ABcann Option Plan to guide development and execution of the granting of ABcann Options. The ultimate authority for issues relating to all executive compensation rests with the ABcann Board.

Summary Compensation Table

The information below contains disclosure of compensation paid to the NEOs and directors of ABcann. ABcann does not have any non-equity incentive compensation plan compensation and has no pension plans:

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option based awards ($)	All other compensation ($)	Total compensation ($)
Ken Clement *General Manager*	2015 2014	125,000 125,000	- -	- -	- -	125,000 125,000
Ying (Jenny) Guan *CFO*	2015 2014	65,000 65,000	- -	- 20,910	- -	65,000 85,910
Neil Kapp *Vice-President, Business Development*	2015 2014	76,154 -	- -	68,912 -	- -	145,866 -
Geoff Davis *Chief Operating Officer, Universal Botanicals*	2015 2014	77,000 -	- -	68,912 84,274	- -	145,912 84,274
John Molloy, *Executive Chairman*(1)	2015 2014	90,000 65,000	- -	177,056 55,792	- -	267,056 120,792

(1) John Molloy is not an employee. He is engaged as an independent consultant.

Narrative Discussion

Kenneth Clement, General Manager

Although the employment agreement for Mr. Clement as General Manager provides for an annual salary of $150,000, he has been paid a monthly amount of $10,417. Commencing January 1 of the year immediately following the first year in which ABcann completes a financing for net proceeds of not less than $7,500,000, Mr. Clement will receive a $50,000 increase to his base salary. Finally, during the term of his employment agreement, Mr. Clement is entitled to an annual bonus of 2% of the gross revenue of ABcann once cumulative revenues for the ABcann group of companies reaches $20 million. This rate increases to 3% once the cumulative annual revenue reaches $50 million, subject to a maximum bonus of 5% of cumulative net income for the ABcann group of companies. In the event that the employment agreement is terminated by ABcann or by Mr. Clement for good reason, ABcann shall pay Mr. Clement any outstanding base salary and other amounts owing under the agreement, as well as an amount equal to the amount of compensation Mr. Clement would have been entitled to for the two years following the provision of notice of termination.

Neil Kapp, Vice-President of Business Development

The employment agreement for Mr. Kapp as Vice-President of Business Development provides for a monthly payment to Mr. Kapp of $6,417. Commencing January 1 of the year immediately following the first year in which ABcann completes a financing for net proceeds of not less than $7,500,000, Mr. Kapp will be entitled to receive an upward adjustment to his base salary of $65,000, retroactively to January 1, 2015. Mr. Kapp is also eligible to receive a performance bonus of up to $45,000 per year, such bonus to be at the sole discretion of the ABcann Board and without reference to any financing. Mr. Kapp has been granted 300,000 ABcann Options, each of which is exercisable into one ABcann Share at a price of $0.41 per share**.** These ABcann Options vest in equal monthly amounts over three years, commencing January

1, 2015, and a term of 10 years after each respective vesting date. In the event that the employment agreement is terminated by ABcann for just cause or by Mr. Kapp for good reason, ABcann shall pay Mr. Kapp any outstanding base salary and other amounts owing under the agreement, as well as an amount equal to the base salary that Mr. Kapp would have otherwise earned in the 52 week period immediately following the termination date.

Geoff Davis - Chief Operating Officer – Universal Botanicals Inc.

The employment agreement for Mr. Davis, Chief Operating Officer of Universal, provides for a monthly payment to Mr. Davis of $6,417. Commencing January 1 of the year immediately following the first year in which ABcann completes a financing for net proceeds of not less than $7,500,000, Mr. Davis is entitled to receive an upward adjustment to his base salary of $65,000, retroactively to January 1, 2015. Mr. Davis is also eligible to receive a performance bonus of up to $45,000 per year, such bonus to be at the sole discretion of the ABcann Board and without reference to any financing. Mr. Davis has been granted 300,000 ABcann Options, each of which is exercisable into one ABcann Share at a price of $0.41 per share. These ABcann Options vest in equal monthly amounts over three years, commencing January 1, 2015, and a term of 10 years after each respective vesting date.

Jenny Guan, CFO

Ms. Guan serves as the Chief Financial Officer of ABcann and is also a director of ABcann. She receives $5,416 per month for her services as CFO, and receives no additional compensation for serving as a director.

John Molloy, Executive Chair

Pursuant to a consulting agreement dated March 19, 2014, as amended July 19, 2014 and as further amended effective July 20, 2016, Mr. Molloy has agreed to provide consulting services to ABcann to assist with the business and corporate development of ABcann, the raising of financing, technology acquisitions and strategic relationships. Mr. Molloy is paid a retainer of $7,500 per month and has the right to participate in the ABcann Option Plan. Mr. Molloy receives no additional compensation for his services as a director.

Outstanding share-based awards and option-based awards

The table sets out details regarding option-based awards made to NEOs of ABcann up to and including December 31, 2015:

Name	Number of securities underlying unexercised options (#)	Exercise Price ($)	Expiration Date	Value of unexercised in-the-money options ($)
Ken Clement	-	-	-	Nil
Ying (Jenny) Guan	-(1)	-	-	Nil
Neil Kapp	300,000(2)	$0.41	January 1, 2025	Nil
Geoff Davis	300,000(3)	$0.41	January 1, 2025	Nil
John Molloy	420,000	$0.41	July 19, 2019	Nil
	420,000(4)	$0.41	July 19, 2025	Nil

(1) 1,000,000 ABcann Options were issued to Ms. Guan on November 28, 2016, all of which are exercisable immediately at an exercise price of $0.41 per share until November 28, 2021.

(2) Only 100,000 of these ABcann Options had vested as at December 31, 2015. In addition, 1,000,000 ABcann Options were issued to Mr. Kapp on November 28, 2016, all of which are exercisable immediately at an exercise price of $0.41 per share until November 28, 2021.

(3) Only 100,000 of these ABcann Options had vested as at December 31, 2015.

(4) Only 175,000 of these ABcann Options had vested as at December 31, 2015. In addition, 420,000 ABcann Options were issued to Mr. Molloy on November 28, 2016, all of which are exercisable immediately at an exercise price of $0.41 per share until November 28, 2021.

Incentive plan awards-value vested or earned during the most recent year

The following sets out the incentive plan awards and value vested or earned during the financial year of ABcann ended December 31, 2015:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Ken Clement	-	-	-
Ying Guan	-	-	-
Neil Kapp	68,912	-	-
Geoff Davis	68,912	-	-
John Molloy	177,056	-	-

Termination and Change of Control Benefits

The employment agreement for ABcann's General Manager, Mr. Ken Clement, provides that, in the event of the termination of his employment, ABcann must pay him the equivalent of his then current salary for a period of 104 weeks. At his current rate of salary this would amount to $300,000.

The employment agreement for ABcann's Vice-President of Business Development, Mr. Neil Kapp, provides that, in the event of the termination of his employment, ABcann must pay him the equivalent of his then current salary for 52 weeks. At his current rate of salary this would amount to approximately $90,000.

The employment agreement for the Chief Operating Officer of Universal, Mr. Geoff Davis, provides that, in the event of the termination of his employment, Universal must pay him the equivalent of his then current salary for 52 weeks. At his current rate of salary this would amount to approximately $90,000.

Director Compensation

The following table sets out the director compensation provided to directors of ABcann that were not also NEOs during the year ended December 31, 2015:

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Dennis Chadwick	-	-	-	-	-
Paul Lucas(1)	10,000	-	24,513	-	34,513
Peter Snucins(1)(2)	10,000	-	24,513	-	34,513
Ian Cleator(2)	-	-	-	-	-

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Tim Humberstone	-	-	-	-	-

(1) Mr. Lucas and Mr. Snucins, being the sole independent directors of ABcann, were compensated with directors' fees of $10,000 per annum, together with a grant of 150,000 ABcann Options, with 50,000 vesting immediately and 50,000 vesting on each anniversary of the grant date. Each such ABcann Option is exercisable into one ABcann Share at a price of $0.41 per share and, subject to early termination for resignation or removal, is exercisable until June 1, 2020.

(2) Mr. Snucins resigned as a director of ABcann on September 27, 2016. As a consequence, 50,000 of the ABcann Options granted to him did not vest and were cancelled. Mr. Cleator also resigned as a director of ABcann on September 27, 2016.

Indebtedness of Officers and Directors

None of the directors or executive officers of ABcann, nor any Associate or Affiliate of such individuals, are or have been indebted to ABcann or any ABcann Subsidiary, at any time since the beginning of the ABcann's most recently completed financial year.

Non Arms' Length Party Transactions

Other than as set out below, there has been no acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of this Filing Statement, or any proposed transaction, where ABcann or any ABcann Subsidiary has obtained such assets or services from: (i) any director, officer or promoter of ABcann; (ii) a security holder disclosed herein as a principal security holder, either before or after giving effect to the Transaction; or (iii) an Associate or Affiliate of any Person referred to in (i) or (ii).

Kenneth Clement and Neil Kapp, employees of ABcann, have been involved with the start-up and early operation of MVC Technologies Inc. ("**MVC**"), a company incorporated under the OBCA, which has developed a software platform to connect patients with physicians and clinics to Licensed Producers. Neil Kapp, acting as nominee for Pent-Land Holdings Inc. ("**Pent-Land**"), initially held shares of MVC, which he subsequently transferred to Pent-Land. Pent-Land is now the holder of approximately 23.7% of the issued and outstanding participating equity shares of MVC. ABcann made loans to MVC on behalf of Universal in the aggregate amount of $40,000 in 2014 and $120,000 in 2015. In connection with the loans, Universal obtained a 20.8% interest in MVC. The value of the loan and investment have been impaired to $nil as MVC currently has no revenue and no positive cash flow.

ABcann intends to use the MVC software platform to serve its clients and to coordinate communications with, and prescriptions from, physicians and clinics.

In the course of its business, ABcann uses software developed by Interactive Technology Syndicate Ltd. ("**ITS**"), of which an ABcann employee, Geoff Davis, is a material shareholder, as well as an officer and director. To date, ABcann has paid $190,000 to ITS for the development of such software.

ABcann has also obtained working capital loans from certain directors and senior employees as follows, further details of which are set out in the table below:

Name	Position with ABcann	Original Principal Amount
Ying (Jenny) Guan	Director and Treasurer	$1,942,000(1)
Dennis Chadwick	Director	$350,000(2)

Name	Position with ABcann	Original Principal Amount
Kenneth Clement	Senior Employee	$481,000(3)
Linda Smith Family Trust	+10% ABcann Shareholder, of which Kenneth Clement is the sole trustee	$150,000(4)

(1) The loan agreement with respect to this loan, being the ABcann 2016 Loan, provides for payment of principal on the earlier of demand or November 15, 2019. The loan bears interest at the rate of 10% per annum and is secured by a subordinated general security agreement. The loan may be converted, at the option of Ms. Guan into ABcann Shares at a price of $0.41 per ABcann Share. ABcann has the right to early payment, upon the giving of notice and an opportunity to convert. In connection with the ABcann 2016 Loan, Ms. Guan has been granted warrants to acquire 7,768,000 ABcann Shares, being equal to four ABcann Shares for each dollar of the $1,942,000 principal amount advanced, at an exercise price of $0.41 per ABcann Share until November 15, 2021.

(2) The first tranche of this loan, in the original principal amount of $250,000, was advanced pursuant to the terms of a loan agreement dated May 19, 2015 between Dennis Chadwick and ABcann. The first tranche is repayable on the date ABcann raises sufficient capital to make payment, as determined by the ABcann Board, and bears interest at the rate of 12% per annum. This loan is unsecured. The principal amount of $250,000 and accrued interest up to January 13, 2017 was converted into an aggregate of 728,634 ABcann Units, effective January 23, 2017. The second tranche of this loan was comprised of $100,000, which was loaned by 1809484 Ontario Ltd., a corporation controlled by Mr. Chadwick, pursuant to the terms of a loan agreement dated August 8, 2016. The second tranche of the loan is payable on the earlier of August 8, 2017 and ABcann raising sufficient funds to make payment. It bears interest at the rate of 12% per annum and is unsecured.

(3) This loan was evidenced by a loan agreement dated December 22, 2016, which provided for payment of the principal not later than December 22, 2017. The loan bore interest at the rate of 5% per annum and was unsecured. All amounts owing to Mr. Clement, together with accrued interest thereon to January 13, 2017, was converted into an aggregate of 1,282,873 ABcann Units, effective January 23, 2017.

(4) This loan was evidenced by a loan agreement dated December 22, 2016, which provided for payment of the principal not later than December 22, 2017. The loan bore interest at the rate of 5% per annum and was unsecured. All amounts owing to the Linda Smith Family Trust, including accrued interest thereon to January 13, 2017, were converted into an aggregate of 397,728 ABcann Units, effective January 23, 2017. Mr. Clement is the sole trustee of the Linda Smith Family Trust.

Legal Proceedings

Other than as provided herein, there are no material pending legal proceedings to which ABcann or any ABcann Subsidiary is, or is likely to be, a party, or of which any of its property is or is likely to be the subject.

ABcann is not party to any legal proceedings and no such proceedings are known to ABcann to be contemplated, except that Organacann Medical Solutions Inc. ("**Organacann**") commenced an action against ABcann, Kenneth Clement and others in British Columbia, with respect to a claim for, among other things, breach of fiduciary duty and disgorgement of profits. The Statement of Claim was issued on October 29, 2014. ABcann has been advised that the plaintiff's counsel has removed itself from the record and, as such, does not believe the matter is progressing. However, in the event that it does proceed, the ABcann Board intends to vigorously defend it. ABcann has also obtained an indemnity from Kenneth Clement and the Linda Smith Family Trust in respect of this action.

Auditors

The auditor of ABcann is MNP LLP at its Toronto office located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4.

Material Contracts

The following is a list of all material contracts entered into by ABcann and the ABcann Subsidiaries, other than contracts in the ordinary course of business, within the two years before the date of this Filing Statement:

- subscription agreement for the issue of the ABcann 2015 Debenture and related security agreements, a general description of which is set out under the heading "*Consolidated Capitalization – ABcann 2015 Debenture*";

- subscription agreements for the issue of the ABcann 2016 Debentures and related security agreements, a general description of which is set out under the heading "*Consolidated Capitalization – ABcann 2016 Debentures*";

- the original loan agreements with Jenny Guan, Dennis Chadwick, Kenneth Clement and The Linda Smith Family Trust described in the table under "*Non-Arm's Length Transactions*" and the four related Debt Conversion Agreements evidencing the terms of the conversion of those loans into ABcann Units as described under the same heading;

- management and consulting services agreement with John Molloy described under "*Executive Compensation*";

- the agreement between ABcann and MVC as described under "*Non-Arms' Length Party Transactions*"; and

- the Amalgamation Agreement.

A copy of the Amalgamation Agreement will be available for inspection without charge at the offices of Viner, Kennedy, Frederick, Allan & Tobias LLP, Suite 300, 366 King Street East, Kingston, Ontario until the Closing and a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected pro forma business, financial and share capital position of the Resulting Issuer assuming completion of the Transaction. It should be read in conjunction with the information concerning the Transaction appearing elsewhere in this Filing Statement. As the Resulting Issuer will be the same corporate entity as Panda, this section only includes information respecting Panda (and ABcann, as applicable) after the Transaction that is materially different from information provided elsewhere in the Filing Statement regarding Panda and ABcann pre-Closing. See "Information Concerning Panda" and "Information Concerning ABcann" for additional information regarding Panda and ABcann, respectively.

Corporate Structure

Name and Incorporation

Panda's jurisdiction of incorporation is expected to remain the same following the Closing, however Panda has reserved the name "ABcann Global Corporation" to be adopted concurrently with the Closing.

Following the Closing, the Resulting Issuer Shares are expected to be listed on the TSXV under the trading symbol "ABCN" to reflect the change of name of Panda to "ABcann Global Corporation".

It is expected that the head office of the Resulting Issuer, and the registered and records office of the Resulting Issuer, will be located at 126 Vanluven Road, Napanee, Ontario, K7R 3L2.

Intercorporate Relationships

The following table describes the material subsidiaries of the Resulting Issuer, following completion of the Transaction, their place of incorporation, continuance or formation, and the percentage of the outstanding voting securities of each subsidiary that will be beneficially owned, controlled or directed by the Resulting Issuer:

Name of Subsidiary	Percentage of Voting Securities Owned	Jurisdiction of Incorporation or Continuance
Amalco	100% (direct)	Ontario
Green Earth Realty Inc.	100% (direct)	Ontario
Universal Botanicals Inc.	100% (direct)	Ontario
Patients' Choice Botanicals Inc.	100% (direct)	Ontario
ABcann Germany GmbH	100% (direct)	Germany

Risks Related to the Business of ABcann and the Resulting Issuer

The securities of Panda (and correspondingly those of the Resulting Issuer) should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of ABcann's development. An investment in Panda or the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of Panda or the Resulting Issuer unless they can afford to lose their entire investment. For a description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see, "*Risk Factors*". Readers should note that such list is not a definitive list of all risk factors associated with ownership of securities of Panda or the Resulting Issuer or in connection with the Resulting Issuer's proposed operations upon completion of the Transaction, and other events could arise that may have a material adverse effect on the business of Panda or the Resulting Issuer.

Narrative Description of the Business

Principal Business

After completion of the Transaction, the Resulting Issuer will be in the business of producing and selling medical marihuana, as further described under the heading "*Information Concerning ABcann – Business of ABcann*".

Stated Business Objectives

The business objectives of the Resulting Issuer will be the business objectives of ABcann. See "*Information Concerning ABcann – Business of ABcann*".

Milestones

The following table sets out the Resulting Issuer's targeted business milestones, as well as the expected timeframe for, and cost of, achieving same:

Milestone	Estimated Completion Date	Estimated Cost
Completion of Vanluven Facility Expansion	Q4 of 2017	$2 to $3.5 million
Initial construction work on Kimmett Facility	Q4 of 2017	$12 to $14.5 million
Completion of international licensing/distribution agreements	Q2 of 2017	$250,000

While the Resulting Issuer intends to pursue these milestones, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

Description of the Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value. Following completion of the Transaction, 94,328,024 Resulting Issuer Shares are expected to be issued and outstanding. The rights and restrictions attached to the Resulting Issuer Shares are expected to be substantially the same as those of the Panda Shares, as described in "*Information Concerning Panda – Description of Securities*".

Resulting Issuer Shares

At the Closing, there are expected to be 94,328,024 Resulting Issuer Shares outstanding, assuming the Concurrent Subscription Receipt Financing raises gross proceeds of $8,000,000 at a price of $0.80 per Subscription Receipt and there is no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, an additional 1,500,000 Resulting Issuer Shares will be issuable on exercise of the Additional Subscription Receipts. The Resulting Issuer Shares will have the same attributes and characteristics as the existing Panda Shares. For a full description of such rights and restrictions, see "*Information Regarding Panda – Description of the Securities*".

Resulting Issuer Warrants

The following table sets out the number of Resulting Issuer Warrants expected to be outstanding following the Closing, including ABcann Warrants that will be treated as Resulting Issuer Warrants following the Closing:

Number	Exercise Price	Expiry Date
19,812,560	$0.62	9/9/17
7,768,000	$0.41	10/21/21
1,463,414	$0.50	01/13/19
2,506,796	$0.50	01/23/19
853,658	$0.50	01/30/19
2,500,000	$0.24	Two years following the Closing
3,906,250[(1)]	$0.80	Two years following the Closing
700,000[(2)]	$0.80	Two years from the Closing
38,810,680[(3)]		

(1) These Resulting Issuer Shares are to be issued pursuant to the terms of the ABcann 2016 Debentures at the Closing, which will represent a "Liquidity Event" as defined in the terms of the ABcann 2016 Debentures. issuable in accordance with the terms of the ABcann 2016 Debentures. For additional information with respect to the terms of the ABcann 2016 Debentures, see "*Information Concerning ABcann – Consolidated Capitalization – ABcann 2016 Debentures*".

(2) Represents the Agents' Warrants to be issued to the Agents in connection with the Concurrent Subscription Receipt Financing, assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, an aggregate of 749,000 Agents' Warrants will be issued to the Agents. Each Agents' Warrant will be exercisable into one Resulting Issuer Share at a price of $0.80 per share for two years from the closing of the Concurrent Subscription Receipt Financing. See "*Information Concerning Panda – Concurrent Financings – Concurrent Subscription Receipt Financing*".

(3) Does not include 15 million Resulting Issuer Warrants, each exercisable into one Resulting Issuer Share at a price of $0.80 per share for two years from the date of issuance, to be granted in connection with the issuance of the Resulting Issuer Debentures to be issued in connection with the Concurrent Debenture Financing, as these Resulting Issuer Warrants will not vest until July 1, 2018 and will only vest if the Resulting Issuer has not raised an aggregate of $18 million since the Closing through the exercise of Resulting Issuer Warrants, a new equity or debt issuance by the Resulting Issuer, or a combination thereof. See "*Information Concerning Panda – Concurrent Financings – Concurrent Debenture Financing*".

Resulting Issuer Options

The following table sets out the number of Resulting Issuer Options expected to be outstanding following the Closing, including ABcann Options that will be treated as Resulting Issuer Options following the Closing and Resulting Issuer Options to be granted in connection with the Closing:

Number	Exercise Price	Expiry Date
2,200,000	$0.50	10/25/17
420,000	$0.41	7/19/19
600,000	$0.41	1/1/25

Number	Exercise Price	Expiry Date
400,000	$0.41	6/1/20
420,000	$0.41	7/19/20
350,000	$0.41	11/24/20
3,241,951(1)	$0.41	11/28/21
700,000(2)	$0.41	01/23/22
1,079,000(3)	$0.80	5 years from the Closing
9,410,951		

(1) Certain of these will vest in stages in accordance with the terms of the applicable option agreements.

(2) These vest monthly over 36 months.

(3) These Resulting Issuer Options are to be granted in connection with the Closing and will vest monthly, in equal amounts, over 12 months.

Resulting Issuer RSUs

The following table sets out the number of Resulting Issuer RSUs expected to be outstanding following the Closing, all of which are expected to be granted in connection with the Closing:

Number	Vesting Date	Expiry Date
2,972,888	One year from the Closing	12/31/2019

Resulting Issuer Debentures

Assuming the completion of the Concurrent Debenture Financing, the Resulting Issuer Debentures, in the aggregate principal amount of $15,000,000, will be issued in connection with the Closing. For details of the Concurrent Debenture Financing and the terms of the Resulting Issuer Debentures, see "*Information Concerning Panda – Concurrent Financings – Concurrent Debenture Financing*".

Pro Forma Consolidated Capitalization

The following table sets out the undiluted pro forma share capitalization of the Resulting Issuer, on a consolidated basis, following the Closing. The information should be read in conjunction with the Pro Forma Financial Statements attached as Schedule "D", which provide additional information.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as at September 30, 2016 after giving effect to the Transaction
Resulting Issuer Shares	Unlimited	94,328,024(1)(2)

(1) On an undiluted basis, assuming issuance of the Finder's Shares and no exercise of the Over-Allotment Option.

(2) For a full description of all Resulting Issuer Convertible Securities to be outstanding at the Closing, see below under the heading "*Fully Diluted Share Capital*".

As at September 30, 2016, the Resulting Issuer had a deficit of $18,252,439 on a consolidated basis, based on the pro-forma consolidated balance sheets of the Resulting Issuer attached hereto as Schedule "D". Other than as disclosed herein, there were no material changes in the loan capital of the Resulting Issuer, on a consolidated basis, since September 30, 2016.

Fully Diluted Share Capital

The following table sets out the expected fully diluted share capital of the Resulting Issuer following the Closing:

Description of Security	Number	Percentage (%)[1]
Resulting Issuer Shares outstanding[2][3][4]	94,328,024	55.2
Resulting Issuer Shares issuable on exercise of Agents' Warrants[5]	700,000	0.4
Resulting Issuer Shares issuable on exercise of outstanding Stock Options[6]	9,410,951	5.5
Resulting Issuer Shares issuable on exercise of outstanding Warrants[7][8]	38,810,680	22.7
Resulting Issuer Shares issuable on exercise of outstanding RSUs[9]	2,972,888	1.7
Resulting Issuer Shares issuable on conversion of ABcann 2016 Debentures[10]	7,812,500	4.6
Resulting Issuer Shares issuable on conversion of ABcann 2016 Loan[11]	2,297,561	1.3
Resulting Issuer Shares issuable on conversion of Resulting Issuer Debentures[12]	14,423,077	8.4
Fully-Diluted Total	**170,755,681**	100.0

(1) Calculated on an fully diluted basis based on 170,755,681 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on a fully diluted basis, assuming completion of the Concurrent Financings but no exercise of the Over-Allotment Option or conversion of the Resulting Issuer Debentures. The actual number of Subscription Receipts issued in connection with the Concurrent Financings, and the issuance of Resulting Issuer Shares on exercise of the ABcann 2016 Debentures or the Resulting Issuer Debentures, and the Resulting Issuer Warrants issuable in connection therewith, could cause the percentages and the total fully-diluted capital of the Resulting Issuer to be materially different from the numbers set forth above.

(2) Assuming issuance of the Finder's Shares, conversion of the entire principal amount of the ABcann 2015 Debenture, accrued interest thereon to March 15, 2017, and exercise of the ABcann Warrants issuable in connection therewith into an aggregate of 5,719,078 Resulting Issuer Shares. The number of ABcann Shares issuable on conversion of the ABcann 2015 Debenture may change depending on the accrued interest at the actual date of conversion.

(3) 282,500 of these are expected to continue to be subject to the CPC Escrow Agreement and 40,638,082 of these are expected to be subject to the Surplus Security Escrow Agreement to be entered into in connection with the Closing. See "*Escrowed Securities*".

(4) Assuming the Concurrent Subscription Receipt Financing raises gross proceeds of $8,000,000 at a price of $0.80 per Subscription Receipt. Also assumes no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, an additional 1,500,000 Resulting Issuer Shares will be issuable on exercise of the Additional Subscription Receipts.

(5) Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, an additional 49,000 Agents' Warrants will be issued, for a total of 749,000 Agents' Warrants.

(6) Comprised of 8,331,951 Resulting Issuer Shares to be issued on exercise of ABcann Options and 1,079,000 Resulting Issuer Shares to be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.

(7) Comprised of 32,404,430 Resulting Issuer Shares issuable on exercise of the ABcann Warrants, 2,500,000 Resulting Issuer Shares issuable on exercise of Panda Warrants, and 3,906,250 Resulting Issuer Shares issuable in accordance with the terms of the ABcann 2016 Debentures.

(8) Does not include Resulting Issuer Shares issuable on exercise of Resulting Issuer Warrants that may be issued pursuant to the terms of the Resulting Issuer Debentures. See Note 12 below.

(9) All of these RSUs are to be granted in connection with the Closing.

(10) Assuming conversion of the full $5 million principal amount outstanding. If the Transaction is completed, it is expected that the conversion price will be $0.64, being a discount of 20% to the proposed $0.80 Subscription Receipt Offering Price. The holders of the ABcann 2016 Debentures are under no obligation to convert amounts outstanding under the ABcann 2016 Debentures. For additional information with respect to the terms of the ABcann 2016 Debentures, see "*Information Concerning ABcann – Consolidated Capitalization – ABcann 2016 Debentures*".

(11) Assuming conversion of the $942,000 balance of the principal amount outstanding under the ABcann 2016 Loan, which will be convertible, at the option of the lender, into Resulting Issuer Shares at a price of $0.41 per share. The lender is under no obligation to convert the remaining principal amount outstanding under the ABcann 2016 Loan. Any conversion of accrued interest on the ABcann 2016 Loan will be subject to TSXV approval in accordance with TSXV Policy 4.3 – *Shares for Debt*. For additional information with respect to the terms of the ABcann 2016 Loan, see "*Information Concerning ABcann – Consolidated Capitalization – ABcann 2016 Loan*".

(12) Assuming conversion of the entire expected $15 million principal amount of the Resulting Issuer Debentures to be issued in connection with the Concurrent Debenture Financing at a conversion price of $1.04 per Resulting Issuer Share, being a 30% premium to the Concurrent Subscription Receipt Financing Price of $0.80. The conversion price may be adjusted downward to a minimum conversion price of $0.80 in accordance with the terms of the Resulting Issuer Debentures. The holders of the Resulting Issuer Debentures will also be entitled to receive 15 million Resulting Issuer Warrants, each exercisable into one Resulting Issuer Share at a price of $0.80 per share for two years from the date of issuance, but the Resulting Issuer Warrants will not vest until July 1, 2018 and will only vest if the Resulting Issuer has not raised an aggregate of $18 million since the Closing through the exercise of Resulting Issuer Warrants, a new equity or debt issuance by the Resulting Issuer, or a combination thereof. Due to the uncertainty of vesting, these Resulting Issuer Warrants are not included in the table above. See "*Description of the Securities – Resulting Issuer Debentures*".

Available Funds and Principal Purposes

Funds Available

Panda and ABcann have a combined working capital position (on an unaudited basis) of approximately $389,906 based on estimated working capital of Panda of $605,666 and an estimated working capital deficit of ABcann of $215,760 as at February 28, 2017. Based on this working capital position, and assuming completion of the Transaction (including the Concurrent Financings), the estimated funds available to the Resulting Issuer will be as follows:

Item	($)
Combined working capital of Panda and ABcann (unaudited)	389,906
Estimated gross proceeds of the Concurrent Subscription Receipt Financing	8,000,000
Estimated gross proceeds of the Concurrent Debenture Financing	15,000,000
Estimated funds available to the Resulting Issuer following Closing	**23,389,906**

The amounts shown in the table above are estimates only and are based upon the information available to Panda and ABcann as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors and variances may be material.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available funds on completion of the Transaction. The amounts shown in the table are estimates only and are based on the information available to Panda and ABcann as of the date hereof. For additional information with respect to the expected use of funds, see the section entitled "*Business Objectives and Milestones – Stated Business Objectives*".

Use of Funds	Amount ($)
Estimated Transaction costs	350,000[(1)]
Agents' Commission	560,000[(2)]
Estimated 12 month general and administration expenses	2,911,000[(3)]
Research and development	650,000
Expansion of Vanluven Facility	3,500,000
Construction of Kimmett Facility	14,500,000
Negotiation of international licensing and distribution agreements	250,000
Unallocated funds	668,906
Total	**23,389,906**

(1) Includes legal fees, auditor review fees, filing fees, shareholder meeting fees and Agents' Expenses incurred or expected to be incurred in connection with the Transaction.

(2) Assuming the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full, the total Agents' Commission will be $644,000. See "*Information Concerning Panda – Concurrent Financing*".

(3) Includes communications, promotions and marketing of $172,000; employee expenses of $1,557,000; interest and bank charges of $62,000; office and general expenses of $161,000; rent, property tax and insurance of $64,000; professional service fees of $225,000; travel, meals and entertainment of $146,000; vehicle expense of $29,000; trade show and conference expenses of $115,000; management salaries and fees of $300,000; directors' fees of $30,000; and TSXV and transfer agent fees of $50,000. Of this amount, an aggregate of $330,000 in management and director salaries and fees is expected to be paid to Non-Arms' Length Parties.

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates available funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding will be available to the Resulting Issuer if required.

Dividends or Distributions

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time.

Principal Securityholders

The table below sets out, for each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares, their name, municipality and province of residence, and the number or amount and percentage of Resulting Issuer Shares owned by them after giving effect to the Transaction (on a partially-diluted basis):

Name of Shareholder	Number of Shares Beneficially Owned(1)	Percentage of Outstanding Shares(2)
Kenneth Clement *Napanee, ON*	36,232,010(3)	38.2%
Jenny Guan *Napanee, ON*	11,074,110(4)	10.7%

(1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date hereof is based upon information furnished to Panda and ABcann by the holders set out in the table above.

(2) Calculated on a partially diluted basis based on 94,328,024 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Concurrent Financings but no exercise of the Over-Allotment Option. Resulting Issuer Convertible Securities expected to be held by a director or officer are counted as outstanding for computing the percentage ownership of the director or officer holding such Resulting Issuer Convertible Securities, but are not counted as outstanding for computing the percentage ownership of any other director or officer.

(3) Comprised of: (i) 1,282,873 Consideration Shares, 1,282,873 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants, 145,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing, and 1,200,000 Resulting Issuer Options that may be issued on exercise of RSUs to be granted in connection with the Closing, all registered in the name of Mr. Clement; and (ii) 31,923,536 Consideration Shares and 397,728 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants registered in the name of The Linda Smith Family Trust. Mr. Clement, the General Manager of ABcann and a proposed director and Executive Chair of the Resulting Issuer, is the sole trustee of The Linda Smith Family Trust and exercises control and direction over all of these securities.

(4) Comprised of 2,149,860 Consideration Shares, 1,000,000 Resulting Issuer Shares that may be issued on exercise of ABcann Options, 7,768,000 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants, and 156,250 Resulting Issuer Shares that may be issued on exercise of RSUs to be granted in connection with the Closing.

It is expected that all of the Resulting Issuer Shares set out in the table above will be required to be deposited into escrow pursuant to the terms of the Surplus Security Escrow Agreement, unless an exemption from such requirement is available under the policies of the TSXV. See "*Escrowed Securities*".

Directors, Officers and Promoters

In connection with the Closing, in addition to Aaron Keay, who has been a director of Panda since November 2015 and will remain as a director following the Closing, Ken Clement, John Easson, Daryl Kramp, Paul Lucas, Neil Kapp, Andrew LaCroix and Jenny Guan are expected to be appointed as directors and officers of the Resulting Issuer. Other than Mr. Keay, none of the proposed directors and officers of the Resulting Issuer are currently directors or officers of Panda.

The table below sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transaction. Additional biographical information about each of these individuals is set out below under the heading "Management".

Name and Municipality and Province of Residence and Position to be held at Closing	Principal Occupation During Last Five Years	Resulting Issuer Shares Outstanding upon Closing[1]	
		Number	Percentage (%)[2]
Aaron Keay *Vancouver, BC* CEO, Director and Promoter	Self-employed businessperson.	1,100,000[3]	1.2
Ying (Jenny) Guan *Napanee, ON* CFO and Secretary	Director of Operations and Finance of ABcann from January 2013 to present, and table games supervisor at Fallsview Casino Resort from April 2004 to January 2013.	11,074,110[4]	10.7
Neil Kapp *London, ON* Chief Operating Officer	Vice-President of Business Development for ABcann since August 2014, and self-employed businessperson since January 1989.	1,512,017[5]	1.6
Andrew LaCroix *Duncan, BC* Director and VP, Business Development	Principal at A. LaCroix Law Corp. since January 2008.	1,226,452[6]	1.3
Paul Lucas *Oakville, ON* Director	CEO of GlaxoSmithKline from April 1994 to June 2012, and independent businessperson since June 2012.	310,975[7]	*
Kenneth Clement *Napanee, ON* Director and Executive Chair	General manager of ABcann since June 2012 and general manager of Cedar Rose Stables from June 2005 to December 2010.	36,232,010[8]	38.2
John Easson *Oakville, ON* Director	Founder and principal of BE Capital Advisors since 2008.	50,000[9]	*
Daryl Kramp *Madoc, ON* Director	Business advisor since October 2015 and Member of Parliament for the riding of Prince Edward-Hastings from 2004 to October 2015.	50,000[9]	*

* Less than 1%.

(1) The information as to the number of Resulting Issuer Shares expected to beneficially owned, or controlled or directed, directly or indirectly, by the proposed directors and officers immediately following the Closing has been furnished by the respective directors and officers individually

(2) Calculated on a partially diluted basis based on 94,328,084 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Concurrent Financings but no exercise of the Over-Allotment Option. Resulting Issuer Convertible Securities expected to be held by a director or officer are counted as outstanding for computing the percentage ownership of the director or officer holding such Resulting Issuer Convertible Securities, but are not counted as outstanding for computing the percentage ownership of any other director or officer.

(3) Comprised of 100,000 Resulting Issuer Shares and 1,000,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer RSUs to be granted in connection with the Closing. Does not include any Resulting

Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(4) Comprised of 2,149,860 Consideration Shares, 7,768,000 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants, 1,000,000 Resulting Issuer Shares that may be issued on exercise of ABcann Options and 156,250 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer RSUs to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(5) Comprised of 98,171 Consideration Shares, 1,300,000 Resulting Issuer Shares that may be issued on exercise of ABcann Options, and 113,846 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer RSUs to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(6) Comprised of 356,452 Consideration Shares, 770,000 Resulting Issuer Shares that may be issued on exercise of ABcann Options, and 100,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer RSUs to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(7) Comprised of 60,975 Consideration Shares, 200,000 Resulting Issuer Shares that may be issued on exercise of ABcann Options and 50,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(8) Comprised of: (i) 31,923,536 Consideration Shares and 397,728 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants registered in the name of The Linda Smith Family Trust, of which Mr. Clement is the sole trustee; and (ii) 1,282,873 Consideration Shares, 1,282,873 Resulting Issuer Shares that may be issued on exercise of ABcann Warrants, 145,000 Resulting Issuer Shares that may be issuable on exercise of Resulting Issuer Options to be granted in connection with the Closing, and 1,200,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer RSUs to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

(9) Comprised of 50,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing. Does not include any Resulting Issuer Shares that may be acquired in connection with the Concurrent Subscription Receipt Financing as such information is not known at this time.

Following the Closing, the proposed directors and officers of the Resulting Issuer and its material subsidiaries as a group are expected to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 40,191,345 Resulting Issuer Shares (on an undiluted basis), representing 42.6% of the issued and outstanding Resulting Issuer Shares on an undiluted basis (assuming there are 94,328,024 Resulting Issuer Shares outstanding following the Closing). All Resulting Issuer Shares that are not currently subject to the CPC Escrow Agreement will be required to be deposited into escrow pursuant to the terms of the Surplus Security Escrow Agreement, unless an exemption from such requirement is available under the policies of the TSXV. See "*Escrowed Securities*".

Each director's term of office will expire at the next annual meeting of the shareholders of the Resulting Issuer, unless they are re-elected at such meeting.

Management

The following is a brief description of the proposed key members of management of the Resulting Issuer:

Aaron Keay – Vancouver, British Columbia – CEO, Director and Promoter

Mr. Keay, age 39, has been a director of Panda since November 2015. Mr. Keay has been a director and/or officer of a number of public companies listed on the TSXV during the last five years. See "*Other Reporting Issuer Experience*" below for details. Mr. Keay obtained a Bachelor of Human Kinesiology degree from the University of British Columbia in 2002.

Mr. Keay expects to devote approximately 80% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Keay will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Ying (Jenny) Guan – Napanee, Ontario – CFO and Secretary

Ms. Guan, age 35, joined ABcann in January 2013 and has held a variety of progressively more senior roles with the organization, most recently being appointed as CFO in January 2015. As a member of ABcann's executive management team, she is responsible for corporate financial reporting, operations, treasury, tax, budget planning, corporate policies, internal controls and ABcann's relationship with external auditors. Ms. Guan is committed to maximizing long-term shareholder value and maintaining a high level of corporate integrity and transparency. Coming from a business accounting background, she holds over 15 years of experience in various key leadership roles in business operations, finance, and program management. She started running her family business in early 2000 and the business was sold for over $10 million in 2015. Ms. Guan recently completed her CPA program. She expects to receive her accounting designation in the fall of 2017.

Ms. Guan expects to devote 100% of her time to performing the work required in connection with acting as an officer of the Resulting Issuer. Management anticipates that Ms. Guan will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Neil Kapp – London, Ontario – Chief Operating Officer

Mr. Kapp, age 61, has been the Vice-President of Business Development of ABcann since August 2014. He has also worked as a self-employed business consultant, through his company, Pent-Land Holdings Inc., since January 1989. Mr. Kapp obtained a Bachelor of Business Administration, Honours, from York University in 1978.

Mr. Kapp expects to devote 100% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Kapp will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Andrew LaCroix – Duncan, British Columbia – Vice-President of Business Development and Director

Mr. LaCroix, age 47, has been the principal of A. LaCroix Law Corp. since 2008. He oversaw ABcann's initial successful Health Canada application to obtain the License and has provided general counsel to ABcann since inception. Mr. LaCroix obtained a Bachelor of Arts degree from the University of British Columbia in 1991 and a Bachelor of Laws from the University of Saskatchewan in 2001. He has been a member of the Law Society of British Columbia since 2002.

Mr. LaCroix expects to devote approximately 90% of his time to performing the work required in connection with acting as an officer of the Resulting Issuer. Management anticipates that Mr. LaCroix will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Paul Lucas – Oakville, Ontario – Director

Mr. Lucas, age 66, is a director of ABcann. He served as President and CEO of GlaxoSmithKline Canada from 1994 until he retired in 2012. He also served as Chairman of the Board of Directors for TM Bioscience, and as a director of Biochem Pharma, the Toronto Regional Research Alliance, Montreal inVivo, and AllerGen. In addition he was a member of the Principal's Advisory Council of the University of Toronto at Mississauga, and a member of the Board of Trustees of Queen's University. He also served as Chairman of the Board of Directors of Canada's Research-Based Pharmaceutical Companies (Rx&D)

for three terms. Currently Mr. Lucas is a member of the Board of Directors of RnA Diagnostics Inc. and the Ontario Genomics Institute. He is also Chair of the Board of EcoSynthetix Inc., Induran Ventures Inc., and Life Sciences Ontario. He received his BSc (Honours) in Biology and Chemistry from Queen's University in 1972, and obtained his Chartered Directors designation (CDir) from the Directors College, a joint venture of McMaster University and the Conference Board of Canada, in 2009.

Ken Clement – Napanee, Ontario – Chairman, Promoter and Director

Mr. Clement, age 53, has been the general manager of ABcann since June 2012. Previously, he served as the general manager of Cedar Rose Stables, located in Cobble Hill, British Columbia.

John Easson – Oakville, Ontario – Director

Mr. Easson, age 52, has over 23 years of experience advising companies with respect to corporate finance matters and mergers and acquisitions. Prior to founding BE Capital Advisors in 2008, John was Managing Director, Head of Media, Communications & Technology Group, Investment & Corporate Banking at BMO Capital Markets. He joined BMO in April of 2001 having spent the previous five years focusing on Communications & Technology investment banking at RBC Dominion Securities. John was involved in a variety of financial advisory and corporate finance transactions for a wide range of clients including RIM, Macdonald Dettwiler, Clearnet, Evertz and Sierra Wireless. He also acted as an M&A advisor to numerous companies including Rogers, BCE, Clearnet, Filogix and FMC. More recently, through BE Capital Advisors, John has worked with smaller cap companies delivering expertise to drive successful corporate transactions in a variety of industries including insurance, distribution, event marketing, logistics, mortgage finance, technology services and healthcare. Mr. Easson obtained an MBA from the University of Toronto in 1994 and a B.Sc in Mechanical Engineering from Queen's University in 1989.

Daryl Kramp – Madoc, Ontario – Director

Mr. Kramp, age 69, was the Member of Parliament for the riding of Prince Edward-Hastings from 2004 to October 2015. While an MP, Mr. Kramp was honoured to be appointed by the Prime Minister as Chair of the Standing Committee on Public Safety and National Security (SECU). He also served on the Finance Committee, the Treasury Board Advisory Caucus and acted as Vice-Chair of the Steering Committees and Standing Committees of Public Accounts and Government Operations and Estimates. Mr. Kramp has been elected as Co-Chair of the Canada-China Legislative Association and was a Member of the Executive of the Canada-Ireland Friendship Group and the Canada-Australia/New Zealand Group. Mr. Kramp was an active member of the Parliamentary Associations of the Commonwealth, NATO, and ParlAmericas, Canada-Europe including the Inter-Parliamentary Associations of Canada-France, Canada-Japan, Canada-United Kingdom, Canada-United States and the IPU. In addition, Mr. Kramp was elected by his peers as the Canadian President of the Global Organization of Parliamentarians Against Corruption (GOPAC). He recently completed his studies at the Institute of Corporate Directors (Teflor School of Management). In addition to his political appointments, Mr. Kramp has created and operated several successful business ventures in the fields of retail, wholesale and hospitality. He also has experience as a trade consultant and as a sports promoter, having organized some of the largest international junior ice hockey tours in North America.

Promoter Consideration

Aaron Keay is the promoter of Panda and he will continue to be a promoter of the Resulting Issuer upon completion of the Transaction. Mr. Keay will beneficially own, directly or indirectly, or exercise control or direction over, 100,000 Resulting Issuer Shares, representing less than 1% of the issued and outstanding Resulting Issuer Shares on an undiluted basis, and 1,000,000 Resulting Issuer RSUs, all as more particularly described elsewhere in this Filing Statement. See "*Principal Securityholders*", "*Directors, Officers and Promoters*" and "*Options to Purchase Securities*" for additional information.

Ken Clement is the promoter of ABcann in that he took the initiative in founding and organizing ABcann, and he will continue to be a promoter of the Resulting Issuer upon completion of the Transaction. Mr. Clement will beneficially own, directly or indirectly, or exercise control or direction over, 33,206,409 Resulting Issuer Shares, or 37.2% of the issued and outstanding Resulting Issuer Shares on an undiluted basis (including Resulting Issuer Shares to be registered in the name of The Linda Smith Family Trust, of which Mr. Clement is the sole trustee), Resulting Issuer Warrants to purchase an aggregate of 1,680,601 Resulting Issuer Shares (including 397,728 Resulting Issuer Warrants registered in the name of the Linda Smith Family Trust), and 1,200,000 Resulting Issuer RSUs, all as more particularly described elsewhere in this Filing Statement. See "*Principal Securityholders*", "*Directors, Officers and Promoters*" and "*Options to Purchase Securities*" for additional information.

Except as disclosed in this Filing Statement, neither Mr. Keay nor Mr. Clement has received from or provided to, and will not receive from or provide to, the Resulting Issuer anything of value, including money, property, contracts, options or rights of any kind, directly or indirectly. No other Person will be, or has been within the two years preceding the date of this Filing Statement, a Promoter of the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, is, as at the date of this Filing Statement, or has been, within 10 years before the date of this Filing Statement, a director, officer or promoter of any company that, while that person was acting in that capacity:

(a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemptions under applicable securities law, that was in effect for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Aaron Keay has been a director and officer of Winchester Minerals and Gold Exploration Ltd. ("**Winchester**") since August 2010. On May 11, 2005, the Executive Director of the British Columbia Securities Commission ordered under Section 164(1) of the *Securities Act* (British Columbia) that all trading in the securities of Winchester cease until it filed the required records and the Executive Director revoked the cease trade order. After application to the British Columbia Securities Commission by Winchester, this cease trade order was partially revoked on November 7, 2011, and fully revoked on June 13, 2013. On May 8, 2015, another cease trade order was made against Winchester for failure to file a comparative financial statements and MD&A for the year ended December 31, 2014. This order remains in place as Winchester has not filed the required records.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, or a personal holding company of any such persons, has, within 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, officer, promoter or securityholder.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the CBCA or other applicable corporate legislation.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Market	Position	Term From – To
Aaron Keay	Aftermath Silver Ltd. (formerly Full Metal Zinc. Ltd)	TSXV	Director	July 2011 to December 2013
	Fortriu Capital Corp.	TSXV	Director, President, CEO and Secretary	July 2008 to June 2009
	IDM Mining Ltd. (formerly Revolution Resources Corp.)	TSXV	Director	April 2010 to December 2014
			CEO	April 2010 to September 2013
	Inform Resources Corp.	TSXV	Director	August 2010 to July 2014
			President and CEO	August 2010 to September 2013
	OrganiGram Holdings Inc. (formerly Inform Exploration Corp.)	TSXV	Director	September 2012 to July 2014

Name	Name of Reporting Issuer	Market	Position	Term From – To
	Plateau Uranium Inc.	TSXV	Director	April 2013 to September 2014
	Winchester Minerals and Gold Exploration Ltd.	N/A	Director, President and CEO	July 2011 to October 2015
Paul Lucas	EcoSynthetix Inc	TSX	Director	May 2015 to December 2016

Executive Compensation

Summary Compensation Table

It is expected that, following the Closing, unless modified below, the salaries of current directors and officers of ABcann will remain the same as described in the section entitled "*Information Concerning ABcann – Executive Compensation*". In addition, the Resulting Issuer expects to pay a salary to the CEO, and may pay directors fees to some or all of the directors of the Resulting Issuer, in each case on terms to be determined following the Closing. $30,000 has been budgeted for payment of such directors' fees. It is expected that directors and officers of the Resulting Issuer will also be entitled to participate in the Panda 2017 Option Plan and the Panda RSU Plan, at the discretion of the Resulting Issuer Board.

Effective January 1, 2017, ABcann entered into an employment agreement with Andrew LaCroix pursuant to which ABcann agreed to employ Mr. LaCroix as Corporate Secretary and Chief Compliance Officer for an indefinite term in consideration of an annual base salary of $150,000. Mr. LaCroix is eligible to receive a performance bonus of up to 20% of his base salary per calendar year, such bonus to be at the sole discretion of the ABcann Board and based upon performance objectives to be agreed upon. ABcann also agreed to grant Mr. LaCroix 700,000 ABcann Options, having an exercise price of $0.41 for a period of five years, which ABcann Options have been granted. These ABcann Options will vest in equal monthly amounts over three years. In the event that the employment agreement is terminated by ABcann for just cause or by Mr. LaCroix for good reason, ABcann shall pay Mr. LaCroix any outstanding base salary and other amounts owing under the agreement, as well as an amount equal to the greater of the base salary that Mr. Lacroix would have otherwise earned in the 26 week period immediately following the termination date, or two months' salary for each full year of employment, to a maximum of 52 weeks salary. In the event of a change of control of ABcann (other than in connection with the Transaction), ABcann shall pay Mr. LaCroix any outstanding base salary and other amounts owing under the agreement, as well as an amount equal to the base salary that Mr. LaCroix would have otherwise earned in the 52 weeks immediately following the change of control.

Indebtedness of Directors and Officers

No director or officer of Panda, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to Panda at any time.

Investor Relations Arrangements

No written or oral agreement has been reached with any Person to provide promotional or investor relations activities for the Resulting Issuer. Any such agreement

Options to Purchase Securities

The following table sets forth all Resulting Issuer Options (or ABcann Options that will become exercisable into Resulting Issuer Shares) that are expected to be outstanding upon the completion of the Transaction:

Persons who will Receive Stock Options (as a group)	Number of Resulting Issuer Shares Under Option	Exercise Price per Resulting Issuer Share Under Option	Expiration Date	Market Value of Resulting Issuer Shares Under Option on the date of this Filing Statement[(2)]
All proposed officers of the Resulting Issuer (5 Persons)[(1)]	300,000	$0.41	January 1, 2025	$240,000
	2,000,000	$0.41	November 28, 2021	$1,600,000
	70,000	$0.41	November 28, 2021	$56,000
	700,000	$0.41	January 23, 2022	$560,000
	145,000	$0.80	5 years from the Closing	$116,000
All proposed directors of the Resulting Issuer (who will not also be executive officers) (3 Persons)[(3)]	150,000	$0.41	June 1, 2020	$120,000
	50,000	$0.41	November 28, 2022	$40,000
	150,000	$0.80	5 years from the Closing	$120,000
All employees and past employees of ABcann	300,000	$0.41	January 1, 2025	$240,000
	651,951	$0.41	November 28, 2021	$521,561
	294,000	$0.80	5 years from the Closing	$235,200
All consultants and past consultants of ABcann	420,000	$0.41	July 19, 2019	$336,000
	150,000	$0.41	June 1, 2020	$120,000
	2,200,000	$0.50	October 25, 2017	$1,760,000
	420,000	$0.41	July 19, 2020	$336,000
	350,000	$0.41	November 24, 2019	$280,000
	420,000	$0.41	November 28, 2021	$336,000
	490,000	$0.80	5 Years from the Closing	$392,000
All other persons	100,000	$0.41	June 1, 2020	$80,000
	50,000	$0.41	November 28, 2021	$40,000
	9,410,951			

(1) Consists of Ken Clement, Aaron Keay, Neil Kapp, Jenny Guan and Andrew LaCroix.

(2) Calculated by multiplying the number of Resulting Issuer Options by the Concurrent Subscription Receipt Financing price of $0.80.

(3) Consists of John Easson, Daryl Kramp and Paul Lucas.

(4) For details of the number of Resulting Issuer Options to be held by the directors and officers, see the table above under the heading "*Directors, Officers and Promoters*".

Panda 2017 Option Plan

Following the Closing, the Panda 2017 Option Plan, as described under the heading "*Information Concerning Panda – Panda Stock Option Plans*", is expected to remain in effect. A complete copy of the Panda 2017 Option Plan is attached as Schedule "E" to this Filing Statement.

Panda RSU Plan

Following the Closing, the Panda RSU Plan as described under the heading "*Information Concerning Panda – Panda RSU Plan*" is expected to remain in effect. A complete copy of the Panda RSU Plan is attached as Schedule "F" to this Filing Statement.

Escrowed Securities

CPC Escrow Shares

The following table sets out, as at the date of this Filing Statement, the number and percentage of CPC Escrow Shares held in escrow under the CPC Escrow Agreement prior to giving effect to the Qualifying Transaction, and the number and percentage of Reporting Issuer Shares that will be held in escrow following the closing of the Qualifying Transaction, after giving effect to the initial release of the CPC Escrow Shares under the CPC Escrow Agreement in connection with the issuance of the Final Exchange Bulletin:

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Securityholder	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class(1)**	**Number of Securities to be Held in Escrow(2)**	**Percentage of Class(3)**
Michael Franks *Toronto, ON*	Resulting Issuer Shares	6,250	*	5,625	*
Aaron Keay *Vancouver, BC*	Resulting Issuer Shares	100,000	3.6%	90,000	*
No Particular Name Inc.(4) *Ottawa, ON*	Resulting Issuer Shares	132,500	4.7%	119,250	*
Bruce Tizes *Chicago, IL, USA*	Resulting Issuer Shares	25,000	*	22,500	*
Kees Van Winters *Toronto, ON*	Resulting Issuer Shares	12,500	*	11,250	*
Aaron Wright *Raleigh, NC, USA*	Resulting Issuer Shares	6,250	*	5,625	*
Total		**282,500**	**10.0%**	**254,250**	*

* Less than 1%.

(1) Based on 2,812,500 Panda Shares issued and outstanding on an undiluted basis as at the date of this Filing Statement.

(2) Assuming the release from escrow of 10% of such Resulting Issuer Shares upon issuance of the Final Exchange Bulletin.

(3) Calculated on an undiluted basis based on 94,328,024 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Concurrent Financing but no exercise of the Over-Allotment Option.

(4) No Particular Name Inc. is a company controlled by Paul Barbeau, the current President and CEO of Panda.

The CPC Escrow Shares are currently held in escrow pursuant to the CPC Escrow Agreement. The Transfer Agent is the escrow agent for the purposes of the CPC Escrow Agreement. There are 282,500 CPC Escrow Shares currently in escrow. At the time of completion of the Qualifying Transaction, it is expected that each Person listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such Person's name.

The CPC Escrow Shares are currently subject to the release schedule set out in Schedule B(1) to the CPC Escrow Agreement. Pursuant to Schedule B(1) of the CPC Escrow Agreement, 10% of the CPC Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction and an additional 15% of the CPC Escrow Shares are to be released every 6 months thereafter until all CPC Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the TSXV as a Tier 1 Issuer, the CPC Escrow Shares will be released on an accelerated schedule, as set out in Schedule B(2) of the CPC Escrow Agreement. Pursuant to Schedule B(2) of the CPC Escrow Agreement, 25% of the CPC Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the CPC Escrow Securities would be released every 6 months thereafter, until all CPC Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The CPC Escrow Agreement provides that the CPC Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the TSXV. In the event of the bankruptcy of an escrow shareholder, provided the TSXV does not object, the CPC Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy of such Person legally entitled to the CPC Escrow Shares, which shares will remain in escrow subject to the CPC Escrow Agreement. In the event of the death of an escrow shareholder, provided the TSXV does not object, the CPC Escrow Shares held by the escrow shareholder will be released from escrow. The Transfer Agent is the escrow agent for purposes of the CPC Escrow Agreement.

Surplus Escrow Shares

Each Surplus Escrow Share will be held in escrow pursuant to the Surplus Security Escrow Agreement. The Surplus Security Escrow Agreement will be entered into by the Resulting Issuer, the Transfer Agent or an alternate transfer agent as approved by the Resulting Issuer and the TSXV, and each of the Persons listed in the following table (each, a "**Surplus Purchaser**"):

Name and Municipality of Residence of Value Purchaser	Designation of Security	Number	Percentage of Class (%)
Aaron Keay *Vancouver, BC*	Resulting Issuer Shares	-	-
	Resulting Issuer Options	-	-
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	1,000,000	33.6

Name and Municipality of Residence of Value Purchaser	Designation of Security	Number	Percentage of Class (%)
Neil Kapp *London, ON*	Resulting Issuer Shares	98,171	*(1)
	Resulting Issuer Options	1,300,000	13.8(2)
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	113,846	3.8(4)
Ying (Jenny) Guan *Napanee, ON*	Resulting Issuer Shares	2,149,860	2.3(1)
	Resulting Issuer Options	1,000,000	10.6(2)
	Resulting Issuer Warrants	7,768,000	20.0(3)
	Resulting Issuer RSUs	156,250	5.3(4)
Andrew LaCroix *Duncan, BC*	Resulting Issuer Shares	356,452	*(1)
	Resulting Issuer Options	770,000	8.2(2)
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	100,000	3.4(4)
Paul Lucas *Oakville, ON*	Resulting Issuer Shares	60,975	*(1)
	Resulting Issuer Options	250,000	2.7(2)
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	-	-
Ken Clement *Napanee, ON*	Resulting Issuer Shares	33,206,409(5)	35.2(1)
	Resulting Issuer Options	145,000	1.5(2)
	Resulting Issuer Warrants	1,526,601(6)	4.3(3)
	Resulting Issuer RSUs	1,200,000	40.4(4)
John Molloy *Kingston, ON*	Resulting Issuer Shares	250,000	*(1)
	Resulting Issuer Options	1,260,000	13.4(2)
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	100,000	3.4(4)
Timothy Humberstone *Cobble Hill, BC*	Resulting Issuer Shares	96,000	*
	Resulting Issuer Options	150,000	1.6(2)
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	44,000	1.5(4)
Dennis Chadwick *Napanee, ON*	Resulting Issuer Shares	4,218,322(7)	4.5(1)
	Resulting Issuer Options	2,250,000	23.9(2)
	Resulting Issuer Warrants	728,634	1.9(3)
	Resulting Issuer RSUs	-	-

Name and Municipality of Residence of Value Purchaser	Designation of Security	Number	Percentage of Class (%)
Debra Kapp[(8)] *London, ON*	Resulting Issuer Shares	192,073[(10)]	*[(1)]
	Resulting Issuer Options	-	-
	Resulting Issuer Warrants	192,073	*[(3)]
	Resulting Issuer RSUs	-	-
Corey Smith[(9)] *Napanee, ON*	Resulting Issuer Shares	9,820	*[(1)]
	Resulting Issuer Options	5,000	*[(2)]
	Resulting Issuer Warrants	-	-
	Resulting Issuer RSUs	-	-

* Less than 1%.

(1) Calculated on an undiluted basis based on 94,328,024 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Concurrent Subscription Receipt Financing but no exercise of the Over-Allotment Option.

(2) Based on 9,410,951 Resulting Issuer Options expected to be outstanding upon completion of the Transaction.

(3) Based on 38,810,680 Resulting Issuer Warrants expected to be outstanding upon completion of the Transaction.

(4) Based on 2,972,888 Resulting Issuer RSUs expected to be outstanding upon completion of the Transaction.

(5) 31,923,536 of these Resulting Issuer Shares will be registered in the name of The Linda Smith Family Trust, of which Mr. Clement is the sole trustee.

(6) 397,728 of these Resulting Issuer Warrants will be registered in the name of The Linda Smith Family Trust, of which Mr. Clement is the sole trustee.

(7) 244,844 of these Resulting Issuer Shares will be registered in the name of Chadwick Engineering Ltd., of which Mr. Chadwick is the president.

(8) Ms. Kapp is the spouse of Neil Kapp and therefore is a Principal as defined in the policies of the TSXV.

(9) Mr. Smith is the spouse of Jenny Guan and therefore is a Principal as defined in the policies of the TSXV.

Should the Resulting Issuer be accepted by the TSXV as a Tier 2 Issuer, the Surplus Escrow Shares will be subject to the release schedule set out in Schedule B(4) to the Surplus Security Escrow Agreement. Pursuant to Schedule B(4) of the Surplus Security Escrow Agreement, 5% of the Surplus Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin (the "**Bulletin Date**"), 5% will be released six months after the Bulletin Date, 10% will be released 12 months after the Bulletin Date, 10% will be released 18 months after the Bulletin Date, 15% will be released 24 months after the Bulletin Date, 15% will be released 30 months after the Bulletin Date and 40% will be released 36 months after the Bulletin Date.

Should the Resulting Issuer be accepted by the TSXV as a Tier 1 Issuer, the Surplus Escrow Shares shall be released on an accelerated schedule, as set out in Schedule B(3) of the Surplus Security Escrow Agreement. Pursuant to Schedule B(3) of the Surplus Security Escrow Agreement, 10% of the Surplus Escrow Shares would be released on the Bulletin Date, 20% would be released 6 months after the Bulletin Date, 30% will be released 12 months after the Bulletin Date and 40% will be released 18 months after the Bulletin Date.

The Surplus Escrow Shares may not be transferred without the approval of the TSXV, other than in specified circumstances set out in the Surplus Security Escrow Agreement.

Where the CPC Escrow Shares or the Surplus Escrow Shares are held by a non-individual (a "**holding company**"), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

Seed Share Resale Restrictions

In addition to the foregoing, an aggregate of 7,590,462 Resulting Issuer Shares are expected to be subject to seed share resale restrictions in accordance with Section 10 of TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*. Of these, 4,119,756 Resulting Issuer Shares to be issued to 17 ABcann Shareholders are expected be required to be deposited into escrow pursuant to the terms of a Value Security Escrow Agreement, and 3,470,706 Resulting Issuer Shares to be issued to six ABcann Shareholders are expected to be subject to a four month hold, with 20% of such Resulting Issuer Shares to be released each month and the first such release to occur on completion of the Transaction.

Auditor, Transfer Agent and Registrar

Auditor

Upon completion of the Transaction, it is intended that the Resulting Issuer's auditors will continue to be MNP LLP, located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4.

Transfer Agent and Registrar

The Resulting Issuer anticipates that the transfer agent and registrar for the Resulting Issuer will be TSX Trust Company, located at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1. Transfers may be recorded in Toronto, Ontario or Vancouver, British Columbia.

GENERAL MATTERS

Sponsorship

Pursuant to Policy 2.2 of the TSXV Corporate Finance Manual, sponsorship is generally required in conjunction with a Qualifying Transaction. Panda has obtained a waiver of the sponsorship requirement in connection with the Transaction from the TSXV on the basis of Section 3.4(ii) of Policy 2.2 as Panda expects to conduct the Concurrent Subscription Receipt Financing as a brokered offering.

Experts

MNP LLP is the independent auditor of both Panda and ABcann. To the knowledge of management of Panda and ABcann, as of the date hereof, neither MNP LLP, nor any Associate or Affiliate thereof, has any beneficial interest, direct or indirect, in the securities or property of Panda or ABcann.

Other Material Facts

To the knowledge of management of Panda and ABcann, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Transaction.

Board Approval

The Panda Board and the ABcann Board have approved the contents of this Filing Statement.

CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Panda Capital Inc. assuming completion of the Qualifying Transaction.

DATED as of March 31, 2017

PANDA CAPITAL INC.

"Paul Barbeau"
Paul Barbeau
CEO, CFO and Director

On behalf of the Board of Panda Capital Inc.

"Aaron Keay"
Aaron Keay
Director

"Kees Van Winters"
Kees Van Winters
Director

CERTIFICATE OF THE TARGET

The foregoing, as it related to ABcann Medicinals Inc., constitutes full, true, and plain disclosure of all material facts relating to the securities of ABcann Medicinals Inc.

DATED as of March 31, 2017.

ABCANN MEDICINALS INC.

"John Molloy"
John Molloy
Executive Chairman and Director

"Ying (Jenny) Guan"
Ying (Jenny) Guan
Chief Financial Officer and Director

On behalf of the Board of ABcann Medicinals Inc.

"Timothy Humberstone"
Timothy Humberstone
Director

"Paul Lucas"
Paul Lucas
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated as of March 31, 2017

PANDA CAPITAL INC.

"Paul Barbeau"
Paul Barbeau
CEO, CFO and Director

SCHEDULE "A"

Audited consolidated annual financial statements of Panda Capital Inc. as at and for the years ended December 31, 2015 and 2014 and unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015

See attached documents

AMENDED AND RESTATED

Panda Capital Inc.

Condensed Interim Financial Statements

Three and nine months ended September 30, 2016 and 2015

(unaudited)

The accompanying amended and restated unaudited condensed interim Financial Statements of Panda Capital Inc. (the "Corporation") for the three and nine months ended September 30, 2016 and 2015 have been prepared by management and have been approved by the Audit Committee and the board of directors of the Corporation (the "Board").

Contents

AMENDED AND RESTATED

Panda Capital Inc.
Condensed Statements of Financial Position
(unaudited)

As at	***September 30, 2016***	*December 31, 2015*
Assets		
Current		
Cash and cash equivalents	**45,269**	40,418
Short term investments *(Note 5)*	**150,000**	200,000
	195,269	240,418
Liabilities		
Current		
Accounts payable and accrued liabilities	**28,451**	25,154
Due to related party *(Note 6)*	**1,337**	18,350
	29,788	43,504
Shareholders' Equity		
Share capital *(Note 7)*	**651,651**	651,651
Contributed Surplus	**181,033**	181,033
Deficit	**(667,203)**	(635,770)
	165,481	196,914
	195,269	240,418

Nature of the Organization *(Note 1)*

Approved on behalf of the Board

[signed] "Paul Barbeau"
Director

[signed] "Aaron Keay"
Director

The accompanying notes are an integral part of these amended and restated financial statements

Panda Capital Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
(unaudited)

	Share Capital				
	Common Shares	Amount $	Contributed Surplus $	Deficit $	Shareholders' Equity $
Balance, January 1, 2015	3,300,000	351,651	132,053	(517,843)	(34,139)
Share consolidation at 8:1 ratio	(2,887,500)	-	-	-	-
September 29, 2015 private placement	2,400,000	300,000	-	-	300,000
Comprehensive loss for the period	-	-	-	(12,750)	(12,750)
Balance - September 30, 2015	**2,812,500**	**651,651**	**132,053**	**(530,593)**	**253,111**
Balance, January 1, 2016	2,812,500	651,651	181,033	(635,770)	196,914
Comprehensive loss for the period	-	-	-	(31,433)	(31,433)
Balance - September 30, 2016	**2,812,500**	**651,651**	**181,033**	**(667,203)**	**165,481**

-

Panda Capital Inc.
Condensed Interim Statements of Comprehensive Loss
(unaudited)

	Three month period ended		Nine month period ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Revenue				
Interest income	**-**	-	**329**	-
Expenses				
Professional fees	**1,027**	1,787	**22,372**	10,350
General and office	**3,922**	2,650	**9,390**	2,400
	4,949	4,437	**31,762**	12,750
Net income (loss) and comprehensive loss	**(4,949)**	(4,437)	**(31,433)**	(12,750)
Deficit, beginning of the period	**(662,254)**	(526,156)	**(635,770)**	(517,843)
Deficit, end of period	**(667,203)**	(530,593)	**(667,203)**	(530,593)
Loss per share				
Basic and diluted	**0.002**	0.001	**0.011**	0.004
Weighted average number of common shares				
Basic and diluted	**2,812,500**	3,289,402	**2,812,500**	3,296,429

The accompanying notes are an integral part of these amended and restated financial statements

AMENDED AND RESTATED

Panda Capital Inc.
Condensed Interim Statements of Cash Flows
(unaudited)

	Nine month period ended September 30, 2016	Nine month period ended September 30, 2015
Cash provided by (used for) the following activities		
Operating activities		
Net loss	**(31,433)**	(12,750)
Changes in working capital accounts		
Accounts payable and accrued liabilites	**3,297**	7,575
Cash used by operating activities	**(28,136)**	(5,175)
Financing Activities		
Advances from (repayments to) related party	**(17,013)**	3,975
Proceeds from issuance of shares	**-**	300,000
Cash (used for) provided by financing activities	**(17,013)**	303,975
Investing Activities		
Proceeds on disposal of short-term investment	**50,000**	-
Increase (decrease) in cash resources	4,851	298,800
Cash resources, beginning of period	**40,418**	6,807
Cash resources, end of period	**45,269**	305,607

The accompanying notes are an integral part of these amended and restated financial statements

1. Nature of the Organization

Description of the business

Panda Capital Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* on April 12, 2007 with the intent of being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") Corporate Finance Manual. The Corporation has no assets other than cash and short term investments. Its purpose is to identify and evaluate potential acquisitions or businesses and, once identified and evaluated, to negotiate an acquisition or participation in such businesses, subject to the approval of the Exchange and, if required, shareholders' approval.

The Corporation's common shares were transferred to the NEX board of the Exchange, effective July 2, 2010. This transfer was made at the recommendation of the Board, and as permitted by the Exchange, due to the fact that the Corporation had not completed its Qualifying Transaction by the deadline established by the Exchange. In connection with the migration to NEX, one-half of the seed common shares held by non-arm's length parties were cancelled. The transfer of the listing of the common shares to the NEX was approved by the Corporation's shareholders at a meeting of the shareholders held on June 28, 2010.

In connection with the transfer of the listing of the common shares to the NEX, the trading symbol for the Corporation was changed from PDA.P to PDA.H. There was no change in the Corporation's name, no change in its CUSIP number and no consolidation of capital in connection therewith. The symbol extension ".H" differentiates NEX symbols from Tier 1 or Tier 2 symbols within the Exchange's market.

The Corporation operates from its primary office in Ottawa, Ontario, Canada. Its registered office is located at 2221 Yonge Street, Suite 308, Toronto, ON M4S 2B4.

The amended and restated financial statements of the Corporation for the three and nine months ended September 30, 2016 and 2015 were authorized for issue in accordance with a resolution of the directors dated March 20, 2017.

Basis of Operations and Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The current period net loss of $31,433 and accumulated deficit of $667,203 as at September 30, 2016 create uncertainty that causes significant doubt about the Corporation's ability to continue as a going concern. The Corporation's ability to continue as a going concern is dependent upon further financing and ultimately, the attainment of profitable operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern.

The Corporation's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in, or an interest in, properties, assets or businesses. Any such transaction will be subject to regulatory approval and, if required, shareholder approval.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Corporation will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the common shares from trading should it not meet these requirements.

2. Basis of Preparation

Statement of Compliance

The amended and restated financial statements for the three and nine months ended September 30, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, with the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

Basis of Measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Areas where estimates are significant are included in note 4.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Summary of Significant Accounting Policies

Cash and short term investment

Cash and short term investment consists of cash held in a bank account and a term deposit. The proceeds raised from the issuance of share capital and from the Corporation's initial public offering (the "IPO") may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds and $210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

Share-based payments

The Corporation applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized at their respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense, when applicable with corresponding credit to the contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Corporation uses the Black-Scholes option pricing model to estimate the fair value of share-based payment.

Other Comprehensive Income

Other comprehensive income is defined as the change in shareholders' equity that results from transactions, events and circumstances from non-owner sources. It includes items that would not normally be included in net earnings, such as changes in the currency translation adjustment relating to the functional currency of a foreign operation, unrealized gains or losses on available for sale investments, or gains or losses on derivatives designed as cash flow hedges.

Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially diluted instruments are converted. In years when the Corporation reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

Income Taxes

Tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive loss directly in equity.

Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and their corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value through Profit or Loss

Cash and short-term investments are measured at fair value that is the quoted price in an active market.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include accounts payable and accrued liabilities.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Impairment of Financial Assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized.

Fair Value Hierarchy

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the three and nine months ended September 30, 2016 and 2015, cash and short term investments are measured at fair market value and are classified within Level 1 of the fair value hierarchy on the statements of financial position.

Recent Accounting Pronouncements

Certain pronouncements have been issued by the IASB or IFRIC (IFRS Interpretations Committee) that will be effective for future accounting periods. Many of these are not applicable to the Company and so are not listed below. The following is a brief summary of the new standard:

IFRS 9 – Financial instruments - amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primary unchanged from IAS 39, other than the fair value measurement option which now addresses an entity's own credit risk. Additional amendments are expected with respect to de-recognition of financial instruments, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018 with
earlier adoption permitted.

IFRS 16 – In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has not yet assessed the impact of these amended standards on its financial statements or determined whether it will adopt these standards early

4. Significant Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the condensed interim financial statements are:

a) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

b) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

c) Share-based Payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share based payments in the statement of comprehensive loss based on estimates of forfeiture and expected lives of the underlying stock options.

d) Going Concern

As discussed above, these condensed interim financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, deferral of commitments, negotiation of supplier terms and future commitments to assess the Corporation's ability to continue as a going concern. A critical judgement is that the Corporation continues to raise funds going forward and satisfy their obligations as they become due.

5. Short Term Investment

As at September 30, 2016, the short term investment held for trading in the amount of $150,000 (December 31, 2015 - $200,000) was invested in a guaranteed investment certificate ("GIC"), is due on October 26, 2016 and pays interest at a rate of 1.0%.

6. Due to Related Party

As at September 30, 2016 there was $1,337 (December 31, 2015 - $18,350) due to the Chief Executive Officer of the Corporation. This is non-interest bearing, due on demand and no fixed terms of repayment.

7. Share Capital

a) Common Shares

The Corporation is authorized to issue an unlimited number of common shares, of which 2,812,500 are issued and outstanding as at September 30, 2016 and December 31, 2015.

b) Escrow Shares

All of the 162,500 common shares issued prior to the IPO at a price below the IPO price and all common shares that may be acquired from treasury of the Corporation by non-arm's length parties, as defined in the policies of the Exchange, of the Corporation, either under the IPO or otherwise prior to the completion of the Qualifying Transaction, will be deposited with the trustee under the escrow agreement.

All common shares acquired upon exercise of stock options prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final Exchange bulletin is issued.

All common shares acquired in the secondary market prior to the completion of a Qualifying Transaction by a control person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

c) Stock options

The directors of the Corporation have approved a stock option plan (the "Plan") for the directors, officers, employees and consultants of the Corporation. The outstanding options granted under the Plan are exercisable for a period of up to 5 years from the date of the grant. The exercise price of the options shall be determined by the Board at the time of the grant. The aggregate number of common shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares from time to time. The number of common shares reserved for issuance to (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares, and (b) all technical consultants will not exceed 2% of the issued and outstanding common shares. In addition to the options granted under the Plan, the Corporation proposes to grant options to one or more eligible charitable organizations, exercisable for a period of up to 5 years from the date of the grant. Such grants to eligible charitable organizations will not exceed 1% of the issued and outstanding common shares.

There are currently no stock options outstanding as at September 30, 2016.

8. Related Party Transactions

During the three and nine months ended September 30, 2016, there were no related party transactions, with the exception of amounts repaid to the related party (Note 6).

9. Financial Instruments

The carrying value of cash, short-term investments, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

The Corporation's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Corporation's financial instruments are summarized below.

Credit rate risk

The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risks. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As the Corporation's investments are short-term in nature, interest rate risk is remote.

Liquidity risk

The Corporation currently depends on successfully completing it Qualifying Transaction. The liquidity risk relating to the Corporation's current cash position is significant. As at September 30, 2016, $195,269 was available to pay off current liabilities of $29,788. On November 10, 2016, the Corporation announced that, subject to regulatory approval, it will be conducting a non-brokered private placement (the "Debenture Financing") of convertible debentures (each, a "Debenture") in the aggregate principal amount of up to $600,000. Each Debenture will be convertible into units (each, a "Unit") of the Corporation at a conversion price of $0.24 per Unit in the event that the Corporation completes its Qualifying Transaction, or into common shares at a conversion price of $0.24 per share in the event that the Corporation does not complete its Qualifying Transaction. In the event that the Debentures are convertible into Units, each Unit will consist of one common share and one common share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to purchase one common shares at a price of $0.24 per share for a period of three years. The Debentures will mature twelve (12) months from the date of the closing of the Financing (the "Maturity Date") and bear interest at the rate of 10% per annum, payable on the Maturity Date.

10. Capital Management

The Corporation's capital consists of share capital of $651,651 (December 31, 2015 - $651,651) The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a purchase of assets.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

a) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
b) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at year end.

11. Contingency

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange. At that time, the Exchange may suspend or de-list the common shares from trading.

12. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes at a statutory rate of 26.5% and the Corporation's effective income tax expense is disclosed in the Corporation's annual audited financial statements for the year ended December 31, 2015 available on SEDAR.

13. Subsequent Events

(a) Effective November 30, 2016, the Corporation entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with ABcann Medicinals Inc. ("ABcann") pursuant to which the Corporation has agreed to acquire all of the securities of ABcann by way of a three-cornered amalgamation (the "Transaction") between the Corporation, ABcann and a wholly-owned subsidiary of the Corporation formed for the purpose of completing the amalgamation ("Newco"). Upon completion of the Transaction, Amalco will be a wholly-owned subsidiary of the Corporation.

Pursuant to the terms of the Amalgamation Agreement, the shareholders of ABcann will receive one common share for each ABcann common share (each, an "ABcann Share") held. In connection with the completion of the Transaction, the Corporation intends to change its name to "ABcann Global Corporation" or such other name as may be agreed by the parties.

The Transaction will result in the reverse takeover of the Corporation by ABcann and will constitute the Corporation's Qualifying Transaction (as defined in the policies of the Exchange. The Corporation and ABcann are parties dealing at arm's length, therefore the Transaction will not be a non-arms' length transaction under the policies of the Exchange. Upon successful completion of the Transaction, it is anticipated that the Corporation will be listed as a Tier 2 Industrial issuer on the Exchange.

Completion of the Transaction is subject to the satisfaction or waiver of certain conditions, including:

(i) receipt by the Corporation and ABcann, as required, of all regulatory, shareholder and third party approvals, including Exchange approval and Health Canada approval, if required;

(ii) the completion of a concurrent financing of subscription receipts to raise gross proceeds of at least $5 million;

(iii) the Corporation having at least $800,000 in cash;

(iv) no material adverse effect having occurred with respect to the business of the Corporation or ABcann; and

(v) there being no material breach of the terms of the Amalgamation Agreement by the Corporation or ABcann.

In order to raise operating capital for the Resulting Issuer (as defined in the policies of the Exchange), the Corporation and ABcann have engaged Canaccord Genuity Corp. and PI Financial Corp. as lead agents to undertake a concurrent financing, on a brokered private placement basis, to raise gross proceeds of up to

$8,000,000, or such other amount as may be agreed to between the Corporation, ABcann and the Agents, from the issuance of subscription receipts.

(b) Effective February 1, 2017, the Corporation completed the Debenture Financing, as further described in Note 9, pursuant to which the Corporation issued Debentures in the aggregate principal amount of $600,000. The Debentures mature on February 1, 2018.

(c) Effective February 21, 2017, the Board adopted the 2017 Stock Option Plan (the "2017 Plan"), which, subject to ratification by the Corporation's shareholders, is expected to replace the Corporation's existing stock option plan. The terms of the 2017 Plan are substantially similar to the terms of the Corporation's current stock option plan, as further described in Note 7(c).

(d) Effective February 21, 2017, the Board adopted a Restricted Share Unit Plan (the "RSU Plan"), pursuant to which, subject to ratification by the Corporation's shareholders, the Corporation may grant up to 3,000,000 restricted share units.

Panda Capital Inc.
Financial Statements
December 31, 2015 and 2014

MNP LLP

Independent Auditors' Report

To the Shareholders of Panda Capital Inc.:

We have audited the accompanying financial statements of Panda Capital Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of changes in shareholders' equity, statement of comprehensive loss and statements of cash flows for the years then ended, 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Panda Capital Inc. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

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 the Panda Capital Inc.'s ability to continue as a going concern.

MNP LLP

Ottawa, Ontario
April 28, 2016

Chartered Professional Accountants
Licensed Public Accountants

Panda Capital Inc.
December 31, 2015 and 2014
Contents

Panda Capital Inc.
Statements of Financial Position
(In Canadian Dollars)

As at		December 31, 2015		December 31, 2014
Assets				
Current				
Cash	$	40,418	$	6,807
Short term investment *(Note 5)*		200,000		-
	$	240,418	$	6,807
Liabilities				
Current				
Accounts payable and accrued liabilities	$	25,154	$	26,571
Due to related party *(Note 6)*		18,350		14,375
		43,504		40,946
Shareholders' Equity				
Share capital *(Note 7)*		651,651		351,651
Contributed Surplus		181,033		132,053
Deficit		(635,770)		(517,843)
		196,914		(34,139)
	$	240,418	$	6,807

Basis of operations and Going Concern *(Note 1)*

Approved on behalf of the Board

[signed] "Paul Barbeau"
Director

[signed] "Michael Franks"
Director

See accompanying notes which are an integral part of these financial statements.

Panda Capital Inc.
Statements of Changes in Shareholders' Equity
(In Canadian Dollars)

	Share Capital				
	Common Shares	Amount $	Contributed Surplus $	Deficit $	Shareholders' Equity $
Balance, January 1, 2014	3,300,000	351,651	132,053	(482,213)	1,491
Comprehensive loss for the year	-	-	-	(35,630)	(35,630)
Balance - December 31, 2014	**3,300,000**	**351,651**	**132,053**	**(517,843)**	**(34,139)**
Stock based compensation	-	-	48,980	-	48,980
Share consolidation at 8:1 ratio	(2,887,500)	-	-	-	-
September 29, 2015 private placement	2,400,000	300,000	-	-	300,000
Comprehensive loss for the year	-	-	-	(117,927)	(117,927)
Balance - December 31, 2015	**2,812,500**	**651,651**	**181,033**	**(635,770)**	**196,914**

See accompanying notes which are an integral part of these financial statements.

Panda Capital Inc.
Statements of Comprehensive Loss
(In Canadian Dollars)

		Year Ended *December 31, 2015*		Year Ended *December 31, 2014*
Revenue				
Interest income		**127**		-
Expenses				
Professional fees	**$**	**65,797**	$	30,743
Stock based compensation		**48,980**		-
General and office		**3,277**		4,887
		118,054		35,630
Net loss and comprehensive loss		**(117,927)**		(35,630)
Net Loss per share				
Basic and diluted	**$**	**(0.12)**	$	(0.01)
Weighted average number of common shares outstanding				
Basic and diluted		**1,017,432**		3,300,000

See accompanying notes which are an integral part of these financial statements.

Panda Capital Inc.
Statements of Cash Flows
(In Canadian Dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
Cash provided by (used for) the following activities		
Operating activities		
Net loss and comprehensive loss	$ (117,927)	$ (35,630)
Stock based compensation	48,980	-
	(68,947)	(35,630)
Changes in working capital accounts		
Short term investment	(200,000)	-
Sundry assets	-	4,238
Accounts payable and accrued liabilities	(1,417)	6,276
Due to related party	3,975	14,375
	(197,442)	24,889
Financing activities		
Issuance of common shares	300,000	-
	300,000	-
Increase / (Decrease) in cash	33,611	(10,741)
Cash, beginning of year	6,807	17,548
Cash, end of year	$ 40,418	$ 6,807

See accompanying notes which are an integral part of these financial statements.

1. Nature of the Organization

Description of the business

Panda Capital Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* on April 12, 2007 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation has no assets other than cash and short term investments. The Corporation proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt and, if required, shareholders' approval.

The Corporation's common shares are traded on the New Security Stock Exchange (NEX) under the trading symbol PDA.H.

The Corporation operates from its primary office in Ottawa, Ontario, Canada. Its registered head office is located on the 15th Floor at 50 O'Connor Street.

The financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on April 28, 2016.

Basis of Operations and Going Concern

These financial statements have been prepared on a basis applicable to a going concern which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The current year's loss of $117,927 and accumulated deficit of $635,770 as at December 31, 2015 create uncertainty that causes significant doubt about the Corporation's ability to continue as a going concern. The Corporation's ability to continue as a going concern is dependent upon further financing and ultimately, the attainment of profitable operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Corporation will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Corporation's common shares from trading should it not meet these requirements.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Areas where estimates are significant are included in note 4.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Summary of Significant Accounting Policies

Cash and short term investment

Cash consists of cash held in a bank account. The proceeds raised from the issuance of share capital and from the initial public offering (the "IPO") may only be used to identify and evaluate assets or businesses for future investment.

Share-based payments

The Corporation applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized in their respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as stock based compensation expense, when applicable with corresponding credit to the contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Corporation uses the Black-Scholes option pricing model to estimate the fair value of share-based payment.

Other Comprehensive Loss

Other comprehensive loss is defined as the change in shareholders' equity that results from transactions, events and circumstances from non-owner sources. It includes items that would not normally be included in net loss, such as changes in the currency translation adjustment relating to the functional currency of a foreign operation, unrealized gains or losses on available for sale investments, or gains or losses on derivatives designed as cash flow hedges.

Basic and Diluted Loss per share

Basic earnings/loss per share is calculated based on the weighted average number of common shares outstanding.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. In years when the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of operations and comprehensive loss except to the extent it relates to items recognized in other comprehensive income directly in equity.

Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value through Profit or Loss

Cash and short term investments are measured at fair value that is the quoted price in an active market.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include accounts payable and accrued liabilities.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Impairment of Financial Assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized.

Fair Value Hierarchy

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2015 and 2014, cash and short term investment is measured at fair market value and are classified within Level 1 of the fair value hierarchy on the statements of financial position.

Recent Accounting Pronouncements

Certain pronouncements have been issued by the IASB or IFRIC (IFRS Interpretations Committee) that will be effective for future accounting periods. Many of these are not applicable to the Company and so are not listed below. The following is a brief summary of the new standard:

IFRS 9 – Financial instruments - amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primary unchanged from IAS 39, other than the fair value measurement option which now addresses an entity's own credit risk. Additional amendments are expected with respect to de-recognition of financial instruments, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16 – In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has not yet assessed the impact of these amended standards on its financial statements or determined whether it will adopt these standards early.

4. Significant Accounting Estimates and Assumptions

The preparation of the annual audited financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the annual audited financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the annual audited financial statements are:

a) Going Concern

As discussed above, these consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, deferral of commitments, negotiation of supplier terms and future commitments to assess the Company's ability to continue as a going concern. A critical judgement is that the Company continues to raise funds going forward and satisfy their obligations as they become due.

b) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

c) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

d) Share-based Payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based compensation in the statement of comprehensive loss based on estimates of forfeiture and expected lives of the underlying stock options.

5. Short Term Investment

As at December 31, 2015 the short term investment held for trading in the amount of $200,000 (2014 - $Nil) was invested in a guaranteed investment certificate ("GIC"), is due on October 26, 2016 and pays interest at a rate of 1.0%.

6. Due to Related Party

As at December 31, 2015 there was $18,350 (2014 - $14,375) due to the Chief Executive Officer of the Corporation. This is non-interest bearing, due on demand and no fixed terms of repayment.

7. Share Capital

a) Common Shares

The Corporation is authorized to issued an unlimited number of common shares, of which 3,300,000 are issued and outstanding as at December 31, 2014.

On September 29, 2015 the Company has completed the consolidation of issued and outstanding common shares in the capital of the Company (each, a "Share") on the basis of eight (8) pre-consolidation Shares for one (1) post-consolidation Share (the "Consolidation"). The Consolidation was approved by the TSX Venture Exchange and became effective at the opening of the market on September 29, 2015. Prior to the completion of the Consolidation, a total of 3,300,000 Shares were issued and outstanding. Upon the completion of the Consolidation, but prior to completion of the Financing (as defined below), a total of 412,500 Shares were issued and outstanding.

On September 29, 2015 the company completed the non-brokered private placement financing (the "Financing") of post-Consolidation Shares, pursuant to which it issued an aggregate of 2,400,000 post-Consolidation Shares at a price of $0.125 per post-Consolidation Share for aggregate proceeds of $300,000.

b) Escrow shares

All of the 162,500 common shares issued prior to the IPO at a price below the IPO price and all common shares that may be acquired from treasury of the Corporation by non-arm's length parties, as defined in the policies of the Exchange, of the Corporation either under the IPO or otherwise prior to the completion of the Qualifying Transaction will be deposited with the trustee under the escrow agreement.

All common shares acquired upon exercise of stock options prior to the completion of a qualifying transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a qualifying transaction by a control person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

c) Stock options

The directors of the Corporation have approved a stock option plan (the "Plan") for the directors, officers, employees and consultants of the Corporation. The outstanding options granted under the Plan are exercisable for a period of up to 5 years from the date of the grant. The exercise price of the options shall be determined by the board at the time of the grant. The aggregate number of shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. The number of common shares reserved for issuance to (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares, and (b) all technical consultants will not exceed 2% of the issued and outstanding common shares. In addition to the options granted under the Plan, the Corporation proposes to grant options to one or more eligible charitable organizations, exercisable for a period of up to 5 years from the date of the grant. Such grants to eligible charitable organizations will not exceed 1% of the issued and outstanding common shares.

On May 1, 2015, the Corporation issues 330,000 incentive options to directors and officers at an exercise price of $0.20 per option, vesting immediately and exercisable for 5 years from the date of grant.

The Black-Scholes option valuation model used by the Corporation is based on subjective input assumptions with regards to the expected average volatility. Any changes to these assumptions can cause a significant variation in the estimate of the fair value of the options. No forfeitures of outstanding options are expected. The fair value of the options granted at the time of granting is approximately $0.20 per option assuming an average volatility of 100% on the underlying shares, an exercise price of $0.20, a risk free interest rate of 0.86%, and an expected dividend rate of 0% and an expected life of 5 years. The Corporation recognized a value of $48,980 as stock based compensation expense associated with issuance of the 330,000 options.

On September 30, 2015, the Corporation completed the Consolidation whereby each option was consolidated on the basis of eight (8) pre-consolidation options for one (1) post-consolidation option. Upon the completion of the Consolidation, a total of 41,250 options were issued and outstanding.

Expiry Date	Exercise Price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 1, 2020	$0.20	4.33	41,250	41,250

There were no options issued in the year ended December 31, 2014.

8. Related Party Transactions

Related Party	Relationship
Marc Lavine	Director
Paul Barbeau	President and Director
The Chrysalis Capital Group Inc.	Company owned by Marc Lavine and Robert Munro

During the year ended December 31, 2015, the Corporation paid $0 (2014 - $4,520) to a company controlled by a director of which $0 (2014 - $4,520) has been included in accounts payable and accrued liabilities. These expenses are categorized under "Professional fees" on the Statement of Comprehensive Loss.

9. Financial Instruments

The carrying value of cash, shirt term investment, accounts payable and accrued liabilities and due to related party approximate their fair value due to the short-term nature of these instruments.

The Corporation's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Corporation's financial instruments are summarized below.

Credit rate risk

The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that the credit risk with respect to receivables is remote.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risks. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As the Corporation's investments are short-term in nature, interest rate risk is remote.

Liquidity risk

The Corporation currently depends on successfully completing it Qualifying Transaction. The liquidity risk relating to the Corporation's current cash position is significant. As at December 31, 2015, cash in the amount of $40,418 (2014 - $6,807) and GIC of $200,000 (2014 - $0) is available to pay off current liabilities of $43,505 (2014 - $40,945).

The following summarizes the maturity profile of the Company's financial liabilities as at December 31:

Liability	Terms		2015		2014
Accounts payables and accrued liabilities	Due within one year	$	25,154	$	26,570
Due to related parties	Due on demand		18,350		14,375

10. Capital Management

The Corporation's capital consists of share capital of $651,651 (2014 - $351,651). The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

a) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
b) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

11. Income taxes

A reconciliation of combined federal and provincial corporate income taxes at a statutory rate of 26.5% (2014 – 26.5%) and the Corporation's effective income tax expense is as follows:

		2015		2014
Net loss for the year	**$**	**(117,927)**	$	(35,630)
Expected income tax recovery at statutory rates		**(31,251)**		(9,442)
Non deductible		**12,980**		-
Amount not recognized as deferred tax asset		**18,271**		9,442
Income tax expense	$	-	$	-

s

The Corporation has available for deduction against future taxable income non-capital losses of the following amounts and their respective expiry years:

Year of expiry	Non-capital loss	
2027	$	41,476
2028		125,132
2029		111,803
2030		79,733
2031		119,387
2032		52,118
2033		73,146
2034		35,630
2035		68,947
	$	707,372

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable as it is more likely than not that future taxable income will be available against which these unused tax attributes can be utilized.

SCHEDULE "B"

Management's discussion and analysis of Panda Capital Inc. for the year ended December 31, 2015 and the three and nine months ended September 30, 2016 and 2015

See attached documents

Panda Capital Inc.
Amended and Restated Management's Discussion and Analysis
Three and nine months ended September 30, 2016 and 2015

The following amended and restated management's discussion and analysis ("MD&A") of the financial condition and results of operations of Panda Capital Inc. (the "Corporation") was prepared by management of the Corporation as at September 30, 2016 and should be read in conjunction with the Corporation's amended and restated unaudited condensed interim financial statements and notes thereto for the three and nine months ended September 30, 2016 and 2015 (the "Financial Statements"). The information in this MD&A continues to be as of the original date of November 23, 2016. All dollar amounts set out herein are expressed in Canadian dollars. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

The Financial Statements have been prepared by management and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Corporation's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Corporation's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: limited operating history; no history of earnings or payment of any dividends; unlikely to generate earnings or pay dividends in the immediate or foreseeable future; no current business operations; no current assets other than cash; ability to complete a qualifying transaction; ability to raise additional funds if required; potential dilution of shares as a result of potential qualifying transaction; reliance on management team; conflicts of interest among certain directors and officers of the Corporation; lack of liquidity for shareholders of the Corporation; and market risk. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation. These forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Corporation's present and future business strategies and the environment in which the Corporation will operate in the future, including assumptions regarding business and operating strategies.

Description of the Business

The Corporation is classified as a CPC for the purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Corporation obtained a listing of the Corporation's common shares on the Exchange on October 5, 2007 under the stock symbol "PDA.P". The Corporation's business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" as defined in the policies of the Exchange. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. To date, the Corporation has not conducted commercial operations. While the Corporation has examined, and continues to examine, various businesses with a view to completing a Qualifying Transaction, the Corporation is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Corporation anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical areas.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's final CPC prospectus dated August 29, 2007 the funds raised pursuant to the Corporation's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

The Corporation's common shares have been transferred to the NEX, effective on July 2, 2010. This transfer was required under the Exchange's policies due to the fact that the Corporation had not completed its qualifying transaction by the deadline established by the Exchange. In connection with the migration to NEX, one-half of the seed shares held by non-arm's length parties have been cancelled. The transfer of the listing of the shares of the Corporation to the NEX was approved by the Corporation's shareholders at the meeting of shareholders held on June 28, 2010.

The trading symbol for the Corporation has changed from PDA.P to PDA.H. There is no change in the Corporation's name, no change in its CUSIP number and no consolidation of capital. The symbol extension differentiates NEX symbols from Tier 1 or Tier 2 symbols within the Exchange's market.

Selected Financial Information

The Corporation was incorporated under the *Canada Business Corporation Act* on April 12, 2007 and December 31 is the date of its fiscal year end.
The following selected financial data is derived from the financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

Selected Statement of Financial Position Data

	As at September 30, 2016	As at September 30, 2015
Net working capital	165,481	(48,262)
Total current assets	195,269	5,607
Total current liabilities	29,788	53,869
Total shareholders' equity	165,481	(48,262)

Quarterly Information

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net loss for the period	4,949	13,524	12,960	105,178
Weighted average number of shares	2,812,500	2,812,500	2,812,500	2,812,500
Net loss per share	0.002	0.005	0.0005	0.037

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Net loss for the period	4,437	5,271	3,042	10,732
Weighted average number of shares	3,289,402	3,300,000	3,300,000	3,300,000
Net loss per share	0.001	0.002	0.001	0.003

Results of Operations

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition. The following table sets forth selected results of operations for the three and nine months ended September 30, 2016 and 2015.

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Expenses	4,949	4,437	31,762	12,750
Net loss for the period	4,949	4,437	31,433	12,750
Basic and diluted loss per share	0.002	0.001	0.011	0.004

The increased expenses in the nine months ended September 30, 2016 were attributable to increased costs incurred in connection with the review of potential Qualifying Transactions.

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and office costs of the Corporation for the three and nine months ended September 30, 2016 and 2015.

	Three Months Ended September 30, 2016	Three months ended September 30, 2015	Nine Months Ended September 30, 2016	Nine months ended September 30, 2015
Professional fees	$1,027	$1,787	$22,372	$10,350
General and office expenses	$3,922	$2,650	$9,390	$2,400
	$4,949	$4,437	$31,762	$12,750

Liquidity, Capital Resources, and Outlook

As at September 30, 2016, the Corporation had working capital of $165,481 as compared to working capital of $196,914 as at December 31, 2015. This included $45,269 in cash and cash equivalents (December 31, 2015: $40,418), short-term investments of $150,000 (December 31, 2015: $200,000), accounts payable and accrued liabilities of $28,451 (December 31, 2015: $25,154) and $1,337 in amounts due to a related party (December 31, 2015: $18,350). The Company may require additional funds to complete a Qualifying Transaction, through the issuance of equity or debt, or via shareholder loans.

Operating activities used cash of $28,136 in the nine months ended September 30, 2016 as compared to $5,175 in the nine months ended September 30, 2015. The increase was attributable to increased expenses connected with the Corporation's investigation of a potential Qualifying Transaction.

Financing activities used cash of $17,013 in the nine months ended September 30, 2016 due to repayments to a related party, as compared to providing cash of $303,975 in the nine months ended September 30, 2015 as a result of completion of a private placement and an advance of $3,975 from a related party in such period.

Investing activities provided cash of $50,000 in the nine months ended September 30, 2016 (September 30, 2015: $nil) derived from proceeds on disposal of a short term investment.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as at September 30, 2016.

Transactions with Related Parties

The following entities are classified as related parties due to the following:

Related Party	Relationship
Paul Barbeau	President and Director

The Corporation had $1,337 due to Mr. Barbeau for funds advanced to the Corporation as at September 30, 2016 (December 31, 2016: $18,350). This amount is non-interest bearing, is due on demand, and has no fixed terms of repayment. There were no other transactions with related parties during the periods ended September 30, 2016 or September 30, 2015.

Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the unaudited interim financial statements for the three and nine months ended September 30, 2016 and 2015.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, short term investment, accounts payable, accrued liabilities and due to related party. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Disclosure of Outstanding Share Data

As at November 23, 2016, there were 2,812,500 common shares in the capital of the Corporation outstanding and no options, warrants or other convertible securities.

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

(a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

(b) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;

(c) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;

(d) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and

(e) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;

(f) upon public announcement of a proposed Qualifying Transaction, trading in the common shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction; and

(g) trading in the common shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.

Other Information

Additional information about the Corporation is available on SEDAR at www.sedar.com

Panda Capital Inc.
Management's Discussion and Analysis
December 31, 2015 and 2014

Dated: April 28, 2016

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Panda Capital Inc. (the "Corporation") was prepared by management of the Corporation as at April 29, 2016 and should be read in conjunction with the Corporation's audited annual financial statements and notes thereto for the years ended December 31, 2015 and 2014 (the "Financial Statements"). Additional information relating to the Corporation is available on SEDAR at **www.sedar.com**.

The Financial Statements have been prepared by management and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Corporation's certifying officers are responsible for ensuring that the annual financial report and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Corporation's certifying officers certify that the annual financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation as the date of and for the periods presented in the interim filings.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Corporation. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Corporation's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Corporation's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: limited operating history; no history of earnings or payment of any dividends; unlikely to generate earnings or pay dividends in the immediate or foreseeable future; no current business operations; no current assets other than cash; ability to complete a qualifying transaction; ability to raise additional funds if required; potential dilution of shares as a result of potential qualifying transaction; reliance on management team; conflicts of interest among certain directors and officers of the Corporation; lack of liquidity for shareholders of the Corporation; and market risk. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation. These forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Corporation's present and future business strategies and the environment in which the Corporation will operate in the future, including assumptions regarding business and operating strategies.

Description of the Business

The Corporation is classified as a CPC for the purposes of the policies of the TSX Venture Exchange (the "Exchange"). The Corporation obtained a listing of the Corporation's common shares on the Exchange on October 5, 2007 under the stock symbol "PDA.P". The Corporation's business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" as defined in the policies of the Exchange. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. To date, the Corporation has not conducted commercial operations. While the Corporation has examined, and continues to examine, various businesses with a view to completing a Qualifying Transaction, the Corporation is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Corporation anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical areas.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's final CPC prospectus dated August 29, 2007 the funds raised pursuant to the Corporation's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

The Corporation's common shares have been transferred to the NEX, effective on July 2, 2010. This transfer was required under the Exchange's policies due to the fact that the Corporation had not completed its qualifying transaction by the deadline established by the Exchange. In connection with the migration to NEX, one-half of the seed shares held by non-arm's length parties have been cancelled. The transfer of the listing of the shares of the Corporation to the NEX was approved by the Corporation's shareholders at the meeting of shareholders held on June 28, 2010.

The trading symbol for the Corporation has changed from PDA.P to PDA.H. There is no change in the Corporation's name, no change in its CUSIP number and no consolidation of capital. The symbol extension differentiates NEX symbols from Tier 1 or Tier 2 symbols within the Exchange's market.

Selected Financial Information

The Corporation was incorporated under the *Canada Business Corporation Act* on April 12, 2007 and December 31 is the date of its fiscal year end.

The following selected financial data is derived from the financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

<u>Selected Statement of Financial Position Data</u>

	As at December 31, 2015	As at December 31, 2014
Net working capital	196,914	(34,139)
Total current assets	240,418	6,807
Total current liabilities	43,504	40,946
Total shareholders' equity (deficit)	196,914	(34,139)

Selected Statement of Operations Data

	Year ended December 31	
	2015	2014
Interest income	127	Nil
Expenses	118,054	35,630
Net (loss) for the period	(117,927)	(35,630)
Basic income (loss) per share	(0.12)	(0.01)

Quarterly Information

	Three months ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Net loss for the period	36,355	4,436	5,271	3,042
Weighted average number of shares	2,812,500	3,300,000	3,300,000	3,300,000
Net loss per share	0.01	0.01	0.01	0.00

	Three months ended			
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net loss for the period	(10,732)	(3,922)	(7,218)	(13,757)
Weighted average number of shares	3,300,000	3,300,000	3,300,000	3,300,000
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Results of Operations

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

During the year ended December 31, 2015, the Corporation recorded a net loss of $117,927 (2014 – $35,630) consisting of $118,054 in expenses (2014 – $35,630).

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and office costs of the Corporation for the year ended December 31, 2015 and 2014.

	Year Ended December 31, 2015	Year ended December 31, 2014
Professional fees	$65,797	$30,743
General and office expenses	$3,277	$4,887
Stock based compensation	49,980	-
	$118,054	$35,630

Liquidity, Capital Resources, and Outlook

As at December 31, 2015, the Corporation had net working capital of $196,914. This included $40,418 in cash, a $200,000 short-term investment, $18,350 in debt and $25,154 in accounts payable. Management believes that it has sufficient cash to meet its ongoing obligations and its objective of identifying a Qualifying Transaction. Additional equity or debt financing might be required to complete a Qualifying Transaction.

There can be no assurance that the Corporation will be able to obtain adequate financing to complete a Qualifying Transaction.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2015.

Transactions with Related Parties

The following entities are classified as related parties due to the following:

Related Party	Relationship
Paul Barbeau	President and Director

At December 31, 2015, there is $18,350 to a director and officer of the Company which is non interest bearing and due on demand.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to be the related parties.

Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the annual audited financial statements for year ended December 31, 2015 and 2014.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, Sundry assets, due to related party, accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	2,812,500 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Directors' and officers' stock options to acquire up to 10% of the outstanding Common Shares	Nil
	Agent's options to acquire up to 200,000 common shares in connection with the initial public offering	Nil
	Charitable stock options to acquire up to 1% of the outstanding Common Shares	Nil

Voting or equity securities issuable on conversion or exchange of outstanding securities	(as above)	(as above)

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

(a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

(b) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;

(c) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;

(d) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and

(e) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;

(f) upon public announcement of a proposed Qualifying Transaction, trading in the common shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction; and

(g) trading in the common shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the Chief Executive Officer and the Chief Financial Officer by others within the Corporation, in an accurate and timely manner in order for the Corporation to comply with its continuous disclosure and financial reporting obligations and in order to safeguard assets.

Other Information

Additional information about the Corporation is available on SEDAR at www.sedar.com

SCHEDULE "C"

ABCANN MEDICINALS INC.
CONSOLIDATED FINANCIAL STATEMENTS

See attached document

ABCANN MEDICINALS INC.
CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED), AND SEPTEMBER 30, 2015 (UNAUDITED), AND YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014
(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of ABcann Medicinals Inc.:
We have audited the accompanying financial statements of ABcann Medicinals Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, 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 consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ABcann Medicinals Inc. as at December 31, 2015 and December 31, 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Comparative Information
Without modifying our opinion, we draw attention to Note 22 to the consolidated financial statements which describes that ABcann Medicinals Inc. adopted International Financial Reporting Standards on January 1, 2015 with a transition date of January 1, 2014. These standards were applied retrospectively by management to the comparative information in these consolidated financial statements, including the consolidated statement of financial position as at January 1, 2014, and related disclosures. We were not engaged to report on the restated statement of financial position as at January 1, 2014, and as such, it is unaudited.

MNP LLP

Toronto, Ontario

Chartered Professional Accountants

March 31, 2017

Licensed Public Accountants

MNP

ABcann Medicinals Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2016 (Unaudited)	December 31, 2015	December 31, 2014 (restated, note 22)	January 1, 2014 (unaudited, restated, note 22)
Assets				
Current assets				
Cash	$ **108,932**	$ 21,420	$ 368,801	$ 621,705
Short-term investments	**-**	-	70,000	-
Accounts receivable	**40,672**	-	-	-
Other receivables *(note 4)*	**28,399**	327,526	730,974	18,690
Inventories *(note 5)*	**970,022**	272,742	-	-
Biological assets *(note 6)*	**504,762**	259,799	-	-
Due from related parties *(note 17)*	**4,231**	5,504	7,507	52,374
Loan receivable *(note 14)*	**18,050**	18,050	40,000	-
Prepaid expenses	**128,619**	144,268	117,060	29,225
Current portion of mortgage receivable *(note 15)*	**98,160**	1,271	-	-
Assets held for sale *(note 13)*	**-**	-	123,500	123,500
	1,901,847	1,050,580	1,457,842	845,494
Property and equipment *(note 7)*	**5,546,293**	6,222,944	5,887,585	489,278
Intangible assets *(note 8)*	**56,625**	65,000	71,250	30,000
Mortgage receivable *(note 15)*	**-**	97,837	-	-
	$ **7,504,765**	$ 7,436,361	$ 7,416,677	$ 1,364,772
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ **1,388,583**	$ 899,115	$ 535,109	$ 19,466
Due to related parties *(note 17)*	**-**	-	18,870	-
Current portion of mortgage payable *(note 9)*	**1,520,985**	1,420,678	456,593	110,463
Loans payable *(note 16)*	**3,018,770**	1,341,863	-	-
	5,928,338	3,661,656	1,010,572	129,929
Mortgage payable *(note 9)*	**-**	-	-	350,000
Convertible debenture *(note 18)*	**926,938**	360,773	-	-
Derivative liability *(note 11)*	**586,032**	662,636	-	-
	7,441,308	4,685,065	1,010,572	479,929
Shareholders' equity (deficiency)				
Share capital *(note 10)*	**7,051,657**	6,938,232	6,634,469	2,499,049
Contributed surplus *(note 10)*	**2,678,510**	2,516,946	2,076,225	1,015,512
Warrant reserve *(note 10)*	**4,303,524**	4,303,524	4,301,069	-
Deficit	**(13,970,234)**	(11,007,406)	(6,605,658)	(2,629,718)
	63,457	2,751,296	6,406,105	884,843
	$ **7,504,765**	$ 7,436,361	$ 7,416,677	$ 1,364,772

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

Nature of operations and going concern *(note 1)*
Commitments and contingencies *(note 12)*
Subsequent events *(note 23)*

On behalf of the Board

"John P. Molloy"
Director

"Ying (Jenny) Guan"
Director

ABcann Medicinals Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the nine months ended September 30, 2016 (unaudited)	For the nine months ended September 30, 2015 (unaudited)	For the year ended December 31, 2015	For the year ended December 31, 2014 (restated - note 22)
Revenue:				
Sales	$ 210,750	$ -	$ -	$ -
Gain on biological transformation *(note 6)*	1,281,724	180,602	706,993	-
Other income	128,175	47,720	73,680	853
Cost of sales *(note 5)*	(342,813)	-	(174,452)	-
Production salaries and wages	(376,947)	(259,131)	(375,623)	(230,720)
Production amortization and depreciation *(notes 7&8)*	(732,404)	(411,093)	(548,124)	(54,599)
Production supplies and expense	(469,313)	(196,783)	(386,839)	(229,998)
Gross profit	(300,828)	(638,685)	(704,365)	(514,464)
Expenses:				
Salaries and wages	1,364,954	938,330	1,360,159	1,190,844
Amortization and depreciation *(notes 7 & 8)*	28,435	26,244	34,992	17,037
Share-based payments *(note 10)*	171,789	260,594	440,721	952,255
Consulting fees	268,470	257,641	329,040	249,369
Research & Development	30,940	215,000	328,434	225,000
Professional fees	38,772	120,225	236,335	129,020
Office expense	231,311	170,739	201,915	164,398
Finance expense *(notes 9, 16 & 18)*	664,785	59,188	270,292	50,271
Impairment of loan receivable *(note 14)*	-	-	160,000	-
Travel	84,236	97,578	118,229	135,352
Advertising & promotion	15,637	78,227	103,211	15,683
Communication	37,705	43,843	54,302	17,819
Vehicle	30,828	36,414	44,576	33,822
Rent	18,000	18,500	24,500	34,078
Insurance	23,186	16,639	22,095	10,723
Property tax	14,445	18,468	14,984	15,257
Loss on disposal of property and equipment	-	6,975	6,975	1,139
Gain on change in fair value of derivative liability *(note 11)*	(355,050)	-	(44,199)	-
Loss on early conversion of convertible debentures *(note 18)*	-	-	-	225,201
Finance income	(6,443)	(6,966)	(9,178)	(5,792)
	2,662,000	2,357,639	3,697,383	3,461,476
Net loss and comprehensive loss	$ (2,962,828)	$ (2,996,324)	$ (4,401,748)	$ (3,975,940)
Net loss per share				
Basic and diluted	$ (0.05)	$ (0.05)	$ (0.07)	$ (0.09)
Weighted average shares outstanding	64,441,932	62,817,090	63,181,293	46,408,665

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

ABcann Medicinals Inc.

Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Share Capital			Contributed	Warrant		
	Class "A" Com	Class "B" Com	Class "B" Pref	Surplus	Reserve	Deficit	Total
Balance, January 1, 2014	$ 1,890,727	$ 608,312	$ 10	$ 1,015,512	$ -	$ (2,629,718)	$ 884,843
Class "B" Common shares issued for cash	-	1,120,000	-	-	-	-	1,120,000
Class "B" Common shares issued for services	-	30,475	-	-	-	-	30,475
Exchange of Class "B" Common for Class "A" Common shares	753,876	(1,758,787)	-	1,004,911	-	-	-
Redemption of Class "B" Preferred shares	-	-	(10)	10	-	-	-
Conversion of convertible debentures	551,358	-	-	-	404,593	-	955,951
Exercise of options	896,682	-	-	(896,463)	-	-	219
Class "A" Common shares issued for cash	3,386,498	-	-	-	3,720,502	-	7,107,000
Share and warrant issuance costs	(407,952)	-	-	-	(260,746)	-	(668,698)
Issuance of broker warrants	(436,720)	-	-	-	436,720	-	-
Share-based payments	-	-	-	952,255	-	-	952,255
Net loss for the year	-	-	-	-	-	(3,975,940)	(3,975,940)
Balance, December 31, 2014	$ 6,634,469	$ -	$ -	$ 2,076,225	$ 4,301,069	$ (6,605,658)	$ 6,406,105
Balance, December 31, 2014	$ 6,634,469	$ -	$ -	$ 2,076,225	$ 4,301,069	-$ 6,605,658	$ 6,406,105
Class A Common shares issued for cash	268,514	-	-	-	6,086	-	274,600
Share-based payments	-	-	-	260,594	-	-	260,594
Net loss for the period	-	-	-	-	-	(2,996,324)	(2,996,324)
Balance, September 30, 2015	$ 6,902,983	$ -	$ -	$ 2,336,819	$ 4,307,155	$ (9,601,982)	$ 3,944,975
Class "A" Common shares issued for cash	42,870	-	-	-	-	-	42,870
Share and warrant issuance costs	(7,621)	-	-	-	(3,631)	-	(11,252)
Share-based payments	-	-	-	180,127	-	-	180,127
Net loss for the period	-	-	-	-	-	(1,405,424)	(1,405,424)
Balance, December 31, 2015	$ 6,938,232	$ -	$ -	$ 2,516,946	$ 4,303,524	$ (11,007,406)	$ 2,751,296
Class "A" Common shares issued for cash	103,200	-	-	-	-	-	103,200
Exercise of options	10,225	-	-	(10,225)	-	-	-
Share-based payments	-	-	-	171,789	-	-	171,789
Net loss for the period	-	-	-	-	-	(2,962,828)	(2,962,828)
Balance, September 30, 2016	**$ 7,051,657**	**$ -**	**$ -**	**$ 2,678,510**	**$ 4,303,524**	**$ (13,970,234)**	**$ 63,457**

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

ABcann Medicinals Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the nine months ended			For the years ended
	September 30, 2016	September 30, 2015	December 31, 2015	December 31, 2014
Cash flow from operating activities				
Net loss	$ **(2,962,828)**	$ (2,996,324)	$ (4,401,748)	$ (3,975,940)
Add (deduct) items not involving cash				
Accretion and accrued interest	**406,047**	6,735	93,572	2,840
Amortization and depreciation	**760,839**	437,337	583,116	71,636
Share-based payments	**171,789**	260,594	440,721	952,255
Gain on biological transformation	**(1,281,724)**	(180,602)	(706,993)	-
Gain on change in fair value of derivative liability	**(355,050)**	-	(44,199)	-
Impairment of inventory	**178,727**	-	174,452	-
Impairment of loan receivable	-	-	160,000	-
Loss on disposal of propery and equipment	-	6,975	6,975	1,139
Loss on early conversion of convertible debentures	-	-	-	225,201
Issuance of shares in exchange for services and interest	-	-	-	42,465
Change in non-cash working capital				
Accounts receivable	**(40,672)**	-	-	-
Other receivables	**299,127**	461,656	403,448	(712,284)
Inventory	**160,754**	-	-	-
Prepaid expenses	**15,649**	-	(27,208)	(87,835)
Accounts payable and accrued liabilities	**489,468**	(232,950)	364,006	515,643
	(2,157,874)	(2,236,579)	(2,953,858)	(2,964,880)
Cash flow from financing activities				
Private placement of shares, net of issuance costs	**103,200**	274,609	287,348	7,558,521
Repayment of mortgages payable	-	(1,016)	(1,016)	(3,870)
Advances/repayment to related parties	**1,273**	8,115	2,003	63,737
Issuance of convertible debentures, net of issuance costs	**438,564**	500,000	974,036	715,920
Receipt of mortgages payable	**100,307**	962,724	962,724	-
Receipt of loan payable	**1,676,907**	1,300,000	1,360,000	-
Repayment of loan payable	-	-	(18,137)	-
	2,320,251	3,044,432	3,566,958	8,334,308
Cash flow from investing activities				
Investment in property, plant and equipment	**(38,813)**	(805,838)	(857,225)	(5,469,509)
Investment in intangible assets	**(37,000)**	(50,000)	(55,000)	(65,000)
Issuance of loan receivable	-	(120,000)	(138,050)	(40,000)
Purchase of short-term investment	-	-	-	(70,000)
Proceeds from short-term investment	-	-	70,000	-
Proceeds from sale of property and equipment	-	18,902	18,902	22,177
Proceeds from mortgage receivable	**948**	-	892	-
	(74,865)	(956,936)	(960,481)	(5,622,332)
Increase (decrease) in cash	**87,512**	(149,083)	(347,381)	(252,904)
Cash, beginning of period	**21,420**	368,801	368,801	621,705
Cash, ending of period	$ **108,932**	$ 219,718	$ 21,420	$ 368,801

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

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

1. Nature of operations and going concern

ABcann Medicinals Inc. ("ABcann" or the "Company") was incorporated under the Ontario Business Corporations Act. The Company's principal business activity is the manufacturing and distribution of medical cannabis under a license with Health Canada.

The Company was in the development stage until December 31, 2015 and had not earned any revenues from sales of product until 2016.

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Continuation as a going concern is dependent upon obtaining additional capital and upon the Company's attaining profitable operations. The Company will require a substantial amount of additional funds to complete the development of its products, to build a sales and marketing organization, and to fund additional losses, which the Company expects to incur.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these issues through raising capital through the private placement of equity and obtaining debt financing to support operations. The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is subject to management's ability to implement this plan successfully. Failure to implement this plan could have a material adverse effect on the Company's financial condition and results of operations. The accompanying consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Subsequent to the period, the Company raised an additional $5 million of senior secured convertible debentures (note 23).

2. Basis of presentation

(a) Conversion to International Financial Reporting Standards ("IFRS") and statement of compliance

These are the Company's first set of annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Previously, the Company prepared its financial statements in accordance with Accounting Standards for Private Enterprises ("ASPE"). IFRS 1, First-time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from ASPE to IFRS is explained in Note 22.

The accounting policies set out below have been applied consistently to all periods presented, and in preparing the opening consolidated statements of financial position at January 1, 2014 for purposes of transition to IFRS.

These consolidated financial statements were approved by the Company's board of directors on March 31, 2017.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

(c) Functional and presentation currency

The Company and its subsidiary's functional currency, as determined by management is Canadian dollars. These consolidated financial statements are presented in Canadian dollars.

(d) Principles of consolidation

The Company consolidates its interest in entities which it controls. Control comprises the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. All intercompany balances and transactions have been eliminated.

(e) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

Biological assets and inventory

Management is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields.

Derivative liability

A convertible debenture placement in 2015 and 2016 are convertible on terms that may result in a variable number of shares being issued due to a down-round provision and are considered a derivative liability measured at fair value.

The Company uses a Monte-Carlo simulation to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares, the price of the Company's shares and the expected life of the convertible debenture.

Fair value of stock options

Determining the fair value of stock options on the grant date, including performance based options, requires judgment related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results, liabilities or other components of shareholders' equity. The key assumption used by management are the stock price volatility, expected life of the options, and share price.

Impairment of loan receivable

Determining whether a loan receivable is impaired requires key estimates of the present value of future cash flows to be received.

3. Significant accounting policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying consolidated financial statements are set out below:

Revenue

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Assets held for sale

Assets held for sale are carried at the lower of cost and fair value less costs to sell. Cost consists of the original purchase price and applicable carrying charges.

Fair value less costs to sell is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Biological assets

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

Inventory

Inventories of harvested finished goods and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value.

Research and development

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Research costs are expensed in the year incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures will be expensed as incurred. No development costs have been capitalized to date.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss as incurred.

Depreciation is calculated on a straight line basis over the expected useful life of the asset as follows:

Office furniture and equipment	– 2-5 years
Computer equipment	– 2 years
Building and improvements	– 5-25 years
Production equipment	– 5 years
Vehicles	– 3 years
Fencing	– 10 years

No amortization is taken on assets under construction until the relevant asset has been put into use. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Intangible assets

Intangible assets are comprised of a work flow system. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Costs incurred to acquire and/or develop the Company's system are capitalized and amortized on a straight line basis over the expected useful life of the asset of 2 years. The Company does not hold any intangible assets with indefinite lives.

Impairment of non-financial assets

Intangible assets with a finite useful life are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Government assistance

Government assistance related to current expenses and revenue is included in the determination of net earnings (loss) for the period. Government assistance related to capital expenditures is recorded as a reduction of the cost of the related item of property and equipment

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss: a financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the consolidated statements of loss and comprehensive loss within other expense (income) in the period in which they arise.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iii) Available for sale financial assets: Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorized into any of the other categories described above. They are initially recognized at fair value including direct and incremental transaction costs. They are subsequently recognized at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale, when the cumulative gain or loss is transferred to the consolidated statements of loss and comprehensive loss. Interest is determined using the effective interest method, and impairment losses and translation differences on monetary items are recognized in the consolidated statements of loss and comprehensive loss. The Company does not have any available for sale assets.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost are composed of accounts payable. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce payables to fair value. Subsequently, accounts payables are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

Financial assets carried at amortized cost

At each statement of financial position date, the Company assesses whether there is objective evidence a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the statements of loss and comprehensive loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical reasons, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Loss per common share, basic and diluted

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options and warrants. Stock options and warrants have been excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case the income tax is also recognized directly in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Stock-based compensation and issuance of stock for non-cash consideration

The Company records stock-based compensation related to employee stock options granted using the estimated fair value of the options at the date of grant. The estimated fair value is expensed as employee benefits over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related services and non-market performance conditions at the vesting date. The corresponding charge is to contributed surplus. Any consideration paid on the exercise of stock options is credited to common stock.

The Company estimates the fair value of stock options granted using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions including, among other things, estimates regarding the length of time an employee will retain vested stock options before exercising them, the estimated volatility of our common stock price and the number of options that will be forfeited prior to vesting. Changes in these estimates and assumptions can materially affect the determination of the fair value of stock-based compensation and consequently, the related amount recognized in the Company's statements of loss and comprehensive loss.

For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of goods and services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it measures their value by reference to the fair value of the equity instrument granted. Transactions measured by reference to the fair value of the equity instrument granted, have their fair values re-measured each vesting and reporting date until fully vested.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

New standards, amendments and interpretations not yet adopted

The Company implemented the following amendment for the annual period beginning on January 1, 2016:

Amendments to IAS 16 and IAS 41

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture are amended to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured at initial recognition on a cost or revaluation basis in accordance with IAS 16;
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

These amendments did not require any significant changes to the Company's accounting practices.

A number of new standards and amendments to standards and interpretations and have not been applied in preparing these consolidated financial statements, as set out below:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

The Company has yet to assess the impact of these standards. Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. Other receivables

	September 30, 2016	December 31, 2015	December 31, 2014	January 1, 2014
HST recoverable	$ **28,399**	$ 326,911	$ 730,359	$ 18,690
Others	**-**	615	615	-
Receivables	$ **28,399**	$ 327,526	$ 730,974	$ 18,690

5. Inventory

Inventory is comprised of the following:

	September 30, 2016	December 31, 2015	December 31, 2014	January 1, 2014
Harvested cannabis	$ **970,022**	$ 272,742	$ -	$ -

The cost of inventories recognized as an expense in cost of sales was $160,754 during the nine months ended September 30, 2016 (Year ended 2015 and 2014 - $nil and $nil).

During the nine months ended September 30, 2016, the Company recognized an impairment on inventory of $178,727 (2015 - $174,452; 2014 - $nil).

6. Biological assets

The Company's biological assets consists of seeds and medical cannabis plants. The continuity of biological assets for the years ended December 31, 2014, and 2015 and the nine month period ended September 30, 2016 is as follows:

		Amount
Balance, January 1, 2014 and December 31, 2014	$	-
Increase in fair value less costs to sell due to biological transformation		706,993
Transferred to inventory upon harvest		(447,194)
Balance, December 31, 2015	**$**	**259,799**
Increase in fair value less costs to sell due to biological transformation		1,281,724
Transferred to inventory upon harvest		(1,036,761)
Balance, September 30, 2016	**$**	**504,762**

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- Yield by plant;
- Wastage of plants based on their various stages;
- Percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant.

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

7. Property, plant and equipment

	Land	Building and improvements	Computer equipment	Office furniture & equipment	Production equipment	Vehicles	Fencing	Assets under construction	Total
Cost									
At January 1, 2014	$ 457,103	$ 5,000	$ 2,493	$ 3,786	$ -	$ 39,186	$ -	$ -	$ 507,568
Additions	58,675	1,854,493	12,738	118,487	2,658,733	106,676	86,104	573,603	5,469,509
Disposals	-	-	-	-	-	(39,186)	-	-	(39,186)
At December 31, 2014	**515,778**	**1,859,493**	**15,231**	**122,273**	**2,658,733**	**106,676**	**86,104**	**573,603**	**5,937,891**
Transfer	-	573,603	-	-	-	-	-	(573,603)	-
Additions	-	16,202	3,660	20,066	811,893	5,404	-	-	857,225
At December 31, 2015	**515,778**	**2,449,298**	**18,891**	**142,339**	**3,470,626**	**112,080**	**86,104**	**-**	**6,795,116**
Additions	473	-	5,578	1,829	30,933	-	-	-	38,813
At September 30, 2016	**$ 516,251**	**$ 2,449,298**	**$ 24,469**	**$ 144,168**	**$ 3,501,559**	**$ 112,080**	**$ 86,104**	**$ -**	**$ 6,833,929**
Accumulated depreciation									
At January 1, 2014	$ -	$ -	$ 1,360	$ 1,060	$ -	$ 15,870	$ -	$ -	$ 18,290
Expense for the year	-	-	4,431	12,606	9,518	17,779	3,552	-	47,886
Disposals	-	-	-	-	-	(15,870)	-	-	(15,870)
At December 31, 2014	**-**	**-**	**5,791**	**13,666**	**9,518**	**17,779**	**3,552**	**-**	**50,306**
Expense for the year	-	85,977	8,530	26,462	356,581	36,459	7,857	-	521,866
At December 31, 2015	**-**	**85,977**	**14,321**	**40,128**	**366,099**	**54,238**	**11,409**	**-**	**572,172**
Expense for the year	-	128,966	7,663	21,487	522,870	28,020	6,458	-	715,464
At September 30, 2016	**$ -**	**$ 214,943**	**$ 21,984**	**$ 61,615**	**$ 888,969**	**$ 82,258**	**$ 17,867**	**$ -**	**$ 1,287,636**
Net book value									
At January 1, 2014	$ 457,103	$ 5,000	$ 1,133	$ 2,726	$ -	$ 23,316	$ -	$ -	$ 489,278
At December 31, 2014	$ 515,778	$ 1,859,493	$ 9,440	$ 108,607	$ 2,649,215	$ 88,897	$ 82,552	$ 573,603	$ 5,887,585
At December 31, 2015	$ 515,778	$ 2,363,321	$ 4,570	$ 102,211	$ 3,104,527	$ 57,842	$ 74,695	$ -	$ 6,222,944
At September 30, 2016	$ 516,251	$ 2,234,355	$ 2,485	$ 82,553	$ 2,612,590	$ 29,822	$ 68,237	$ -	$ 5,546,293

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

8. Intangible assets

		Work flow technology
Cost		
At January 1, 2014	$	30,000
Additions		65,000
At December 31, 2014		**95,000**
Additions		55,000
At December 31, 2015		**150,000**
Additions		37,000
At September 30, 2016	$	**187,000**
Accumulated depreciation		
At January 1, 2014	$	-
Expense for the year		23,750
At December 31, 2014		**23,750**
Expense for the year		61,250
At December 31, 2015	$	**85,000**
Expense for the year		45,375
At September 30, 2016	$	**130,375**
Net book value		
At January 1, 2014	$	30,000
At December 31, 2014	$	71,250
At December 31, 2015	$	65,000
At September 30, 2016	$	56,625

9. Mortgages payable

		September 30, 2016		December 31, 2015		December 31, 2014		January 1, 2014
8% private mortgage	$	-	$	-	$	106,593	$	110,463
6.5% private mortgage		**350,000**		350,000		350,000		350,000
Jensen mortgage		**1,170,985**		1,070,675		-		-
		1,520,985		1,420,675		456,593		460,463
Current		**1,520,985**		1,420,675		456,593		110,463
Long-term		-		-		-		350,000
Total	$	**1,520,985**	$	1,420,675	$	456,593	$	460,463

The 8% private mortgage was payable in blended monthly instalments of $1,035 on account of principal and interest, due April 15, 2016. In 2015, the mortgage was discharged as the property secured was sold by the Company, as described in note 13. A limited guarantee by a shareholder for the full value of mortgage payable due on April 15, 2016 in the amount of $106,593 was provided at the time.

The 6.5% private mortgage was payable in monthly instalments of $1,896, on account of interest, due December 16, 2015. In 2015, the Company negotiated an extension of the term for an additional year, with a corresponding increase to the interest rate from 6.5% to 8.5% per annum.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

The Jensen mortgage bears interest of 12% per annum, with interest only payable monthly until March 31, 2016. The full balance was to be repaid by March 31, 2016, with the option to defer another six months upon a lump sum payment of 10% of the indebtedness prior to the due date. Subsequent to September 30, 2016, the mortgage was repaid in full and discharged.

The mortgage payables are secured by a first charge over certain specified properties.

Interest expense on mortgages payable was $122,619 for the nine months ended September 30, 2016 (2015 - $96,812; 2014 - $31,306). The full balance of mortgage payable is repayable within the next year.

10. Shareholders' equity

Authorized share capital

Class "A" Preference Share – non-voting – unlimited
Class "B" Preference Share – non-voting – unlimited
Class "C" Preference Share – non-voting – unlimited
Class "D" Preference Share – non-voting – unlimited
Class "E" Preference Share – non-voting – unlimited
Class "A" Common Share – voting – unlimited
Class "B" Common Share – non-voting – unlimited

Outstanding share capital

	Number of shares		Amount
Balance, January 1, 2014	39,500,000	$	1,890,727
Exchange of Class "B" Common for Class "A" Common shares	1,838,722		753,876
Class "A" Common shares issued for cash	17,334,140		3,386,498
Share issuance costs	-		(407,952)
Issuance of broker warrants	-		(436,720)
Conversion of convertible debentures	1,858,512		551,358
Exercise of options	2,188,028		896,682
Balance, December 31, 2014	**62,719,402**	**$**	**6,634,469**
Class "A" Common shares issued for cash	774,317		311,384
Share issuance costs	-		(7,621)
Penalty shares issued for no consideration	817,789		-
Balance, December 31, 2015	**64,311,508**	**$**	**6,938,232**
Class "A" Common shares issued for cash	196,485		103,200
Exercise of options	25,000		10,225
Balance as at September 30, 2016	**64,532,993**	**$**	**7,051,657**

As at December 31, 2014, December 31, 2015 and September 30, 2016, there were no shares issued and outstanding other than Class "A" Common Shares.

Year ended December 31, 2014

During the year, the sole shareholder of the Class "B" preferred shares donated the shares to the Company at a redemption price equal to the stated capital. The donation resulted in a transfer of $10 from share capital to contributed surplus.

In May 2014, the Company issued 243,902 Class "A" common shares for gross proceeds of $100,000.

In September 2014, the Company issued 17,090,238 units at $0.41 per unit for gross proceeds of $7,007,000, less share issuance costs of $407,952. Each unit issued in the private placement consisted of one Class "A" common share and one purchase warrant exercisable into one Class "A" common share at an exercise price of $0.62. Each warrant is exercisable for a period of three years from the date of issuance and were valued at $3,720,502, which has been allocated to the warrant reserve. In addition, 1,025,585 broker warrants were issued as compensation, $436,720 which have been recorded as additional share issuance costs.

During the year, the Company induced the exchange of the outstanding convertible debentures, amounting to $750,000 together with $11,990 of unpaid interest, for 1,858,512 units at $0.41 per unit. Each unit consisted of one Class "A" common share and one purchase warrant for one Class "A" common share at $0.62, exercisable for three years from the date of issuance. The warrants were valued at $404,593, which has been allocated to the warrant reserve. The incremental consideration to induce early conversion amounted to $193,961, which was charged to the statement of loss and comprehensive loss.

During the year, the Company issued 825,475 Class "B" common shares for cash proceeds of $1,120,000 and $30,475 for services rendered. Following their issuance, the existing 1,838,722 Class "B" common shares were exchanged for 1,838,722 Class "A" common shares at a price of $0.41 per share and the Class "B" common shares cancelled. This resulted in an increase to contributed surplus in the amount of $1,004,911.

During the year, 2,188,028 stock options were exercised into Class "A" common shares for gross proceeds of $219. In addition, $896,463 of contributed surplus attributable to the exercised options was reclassified to share capital.

Year ended December 31, 2015

During the year, the Company issued 46,024 units at $0.41 per unit, for gross proceeds of $18,870. Each unit consisted of one Class "A" common share and one purchase warrant for one Class "A" common share at $0.62, exercisable until September 9, 2017. The warrants were valued at $6,086, which has been allocated to the warrant reserve.

During the year, the Company issued 728,293 Class "A" common shares at $0.41 per share, for gross proceeds of $298,600, less share issuance costs of $7,621.

In October 2015, for no proceeds, the Company issued 817,789 units, each unit consisted of one Class "A" common share and one purchase warrant for one Class "A" common share at $0.62, exercisable until September 9, 2017. This issuance related to a penalty clause in prior issuances of common shares as the Company had not completed a going public transaction.

Nine months ended September 30, 2016

During the period ended September 30, 2016, 25,000 stock options were exercised into Class "A" common shares for nominal proceeds. In addition, $10,225 of contributed surplus attributable to the exercised options was reclassified to share capital.

During the period ended September 30, 2016, the Company issued 196,485 Class "A" common shares for gross proceeds of $103,200.

Warrants

Each warrant entitles the holder to purchase a Class "A" common share at a set price and is exercisable at the option of the holder for a set period of time.

The warrant details of the Company are as follows:

	Number of warrants	Weighted average exercise price
Outstanding, January 1, 2014	-	N/A
Issued during private placement	18,948,750	$0.62
Broker warrants issued during private placement	1,025,585	$0.41
Outstanding, December 31, 2014	19,974,335	$0.61
Issued during private placement	46,024	$0.62
Penalty warrants issued for no consideration	817,789	$0.62
Outstanding, Dec 31, 2015 & September 30, 2016	**20,838,148**	**$0.61**

In 2014, as part of the private placements 19,974,335 warrants were issued. The fair value of the warrants on issuance was $4,561,815. The cost related to the issuance of warrants was $260,746.

In 2015, 46,024 warrants were issued as part of a private placement. The fair value of the warrants was $6,086, less $3,631 of warrant issuance costs. In addition, 817,789 warrants were issued for no consideration related to a penalty clause in prior issuances of common shares as the Company had not completed a going public transaction.

The fair value of each group of warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	September 30, 2016	2015	2014
Volatility	N/A	80%	99% to 100%
Risk-free interest rate	N/A	0.52%	1.14% to 1.16%
Expected life (years)	N/A	2 years	2 to 3 years
Dividend yield	N/A	Nil	Nil
Forfeiture rate	N/A	0%	0%
Share price	N/A	$0.41	$0.41

The following table presents information related to warrants at September 30, 2016:

Weighted average exercise price	Number of Warrants	Weighted average remaining life (years)
$0.61	20,838,148	0.92

Employee options

The Company has stock based compensation arrangements to encourage ownership of the Company's common shares by its officers, directors, employees and certain non-employees. The maximum number of Class "A" common shares granted, vesting period and contractual life of the options under these arrangements shall be determined from time to time by the Board of Directors (the "Board"). The exercise price for each option shall be determined by the Board based on the fair market value of the shares on the date of grant as estimated in accordance with a valuation model approved by the Board.

The following table summarizes the stock option activity:

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2014	2,500,000	$0.50
Granted	2,188,028	$0.0001
Granted	420,000	$0.41
Exercised	(2,188,028)	$0.0001
Outstanding, December 31, 2014	2,920,000	$0.49
Granted	1,820,000	$0.41
Granted	25,000	$0.001
Outstanding, December 31, 2015	4,765,000	$0.46
Granted	98,171	$0.01
Forfeited	(50,000)	$0.41
Exercised	(25,000)	$0.001
Outstanding, September 30, 2016	**4,788,171**	**$0.45**

In 2014, 2,608,028 stock options were granted, with 2,188,028 of these options vesting upon grant date. The remaining options vest over a period of one year. The options had an aggregate grant fair date value of $1,019,883.

2,188,028 options were exercised in 2014 for gross proceeds of $219. In addition, $896,463 of contributed surplus attributable to the exercised options was reclassified to share capital.

In 2015, 1,845,000 stock options were granted, with 175,000 of these options vesting upon grant date. The remaining options vest over varying periods between 4 months and 3 years. The options had an aggregate grant fair date value of $540,126.

In 2016, 98,171 stock options were granted, with all of these options vesting upon grant date. The options had an aggregate grant fair date value of $39,383.

25,000 options were exercised in 2016 for nominal proceeds. In addition, $10,225 of contributed surplus attributable to the exercised options was reclassified to share capital. 50,000 options were forfeited in 2016.

The Company recognized $171,789 of expense related to stock options for the nine months ended September 30, 2016, $440,721 for the year ended December 31, 2015, and $952,255 for the year ended December 31, 2014.

The fair value of each group of options on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	September 30, 2016	2015	2014
Volatility	80%	80%	84% to 94%
Risk-free interest rate	1.62%	0.84% to 1.74%	0.91% to 1.52%
Expected life (years)	10 years	0.5 to 10 years	0.1 to 5 years
Dividend yield	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%
Share price	$0.41	$0.41	$0.41
Fair value of option	$0.40	$0.26 to $0.41	$0.29 to $0.41

The following table presents information related to stock options at September 30, 2016:

Weighted average exercise price	Number of Options	Weighted average remaining life (years)	Vested
$0.01	98,171	9.26	98,171
$0.41	2,190,000	5.82	1,840,000
$0.50	2,500,000	2.47	2,500,000
Balance at September 30, 2016	**4,788,171**	**4.14**	**4,438,171**

11. Derivative liability

The convertible debenture issued by the Company in 2015 contains down round protection on the conversion feature. If the down round protection is enacted, there will be variability in the number of shares issued per warrant. In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss at each period-end. The derivative liability will ultimately be converted into the Company's equity (common shares) when the convertible debenture is converted, or will be extinguished on the repayment of the convertible debenture, and will not result in the outlay of any additional cash by the Company.

The Company uses a Monte-Carlo simulation and the Black-Scholes model to estimate fair value at each reporting date. This is a Level 3 recurring fair value measurement (note 0). The key Level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the expected life of the convertible debentures. The following assumptions were used:

	September 30, 2016	Third tranche	December 31, 2015	Second tranche	First tranche
Volatility	70%	80%	80%	80%	80%
Risk-free interest rate	0.52%	0.41%	0.48%	0.60%	0.66%
Expected life (years)	1.11 years	1.84 years	1.86 years	1.95 years	2 years
Share price	$0.53	$0.41	$0.41	$0.41	$0.41

Upon initial recognition, the Company recorded a derivative liability of $706,835 in 2015 and 278,446 in 2016. The Company expensed $7,013 in transaction costs related to this during the nine months ended September 30, 2016 (Year ended December 31, 2015 - $50,765; 2014 - $nil). The Company recorded a gain of $44,199 on revaluation of the derivative liability at December 31, 2015 and a gain of $355,050 on revaluation at September 30, 2016.

12. Commitments and contingencies

Litigation

In the normal course of business the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and we accrue for adverse outcomes as they become probable and estimable.

The Company has been named a defendant in certain legal actions. Management is of the opinion that there is a strong defence against the claims. Accordingly, no provision for losses has been reflected in the accounts of the Company for this matter. Furthermore, for one of the legal actions, a co-defendant has signed an indemnity agreement, dated December 12, 2014 agreeing to indemnify and hold harmless the Company from and against all costs, damages, losses and liabilities arising from the legal action.

Commitments

Effective January 1, 2015, the Company has entered into a Research Contract with the University of Guelph which will continue for a term of the earlier of three years or the completion of the project. The estimated payment schedule is as follows:

Q4 2016	- $135,000
2017	- $300,000
2018	- $100,000

13. Assets held for sale

Assets held for sale consisted of a property that was sold in 2015 for gross proceeds of $125,000. $100,000 was received as a mortgage by the purchaser in favour of the Company.

The sale resulted in a loss on disposition of $nil during the nine months ended September 30, 2016 (2015 - $6,975, 2014 - $nil).

14. Loan receivable

	September 30, 2016	December 31, 2015	December 31, 2014	January 1, 2014
Loan receivable from unrelated entity	$ -	$ 160,000	$ 40,000	$ -
Less allowance on loan receivable	-	(160,000)	-	-
Loan receivable from employees	18,050	18,050	-	-
Loan receivable balance	$ 18,050	$ 18,050	$ 40,000	$ -

During 2014, the Company advanced $40,000 to an unrelated entity, with an additional $120,000 advanced in 2015. The Loan is interest free for two years, after which the unrelated entity will pay interest at the prime lending rate plus 3%. In addition, the Company received a 20.8% interest in the entity. In 2015, the Company recognized an impairment allowance for the entire loan amount, with both the loan and investment in the entity impaired to $nil as at December 31, 2015 and September 30, 2016.

During 2015, the Company advanced $18,050 to certain employees. These loans are non-interest bearing and due upon demand.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

15. Mortgage receivable

As part of the disposition of assets held for sale (note 13), the Company took back a mortgage receivable that bears interest at a rate of 8%, with monthly payments of $763 on account of principal and interest, commencing April 30, 2015. The mortgage is due March 31, 2017.

16. Loans payable

	September 30, 2016	December 31, 2015	December 31, 2014	January 1, 2014
10% interest bearing loan owed to an officer and director of the Company, repayable within three years	$ 1,936,907	$ 460,000	$ -	$ -
12% interest bearing loan owed to a director of the Company, repayable on the discretion of the Company	350,000	250,000	-	-
5% interest bearing loan owed to an officer of the Company, repayable on the discretion of the Company	631,863	631,863	-	-
7% interest bearing loan repayable within 180 days	100,000	-	-	-
Loan payable balance	$ 3,018,770	$ 1,341,863	$ -	$ -

The Company recognized $127,905 of interest expense related to these loans for the nine months ended September 30, 2016 (2015 - $71,186; 2014 - $nil)

Subsequent to September 30, 2016, the 10% interest bearing loan was amended, with the Company issuing four warrants for every dollar of loan received, exercisable for a Class "A" common share at an exercise price of $0.41 per warrant. In addition, a conversion feature was added to the 10% interest bearing loan, allowing the lender the discretion to convert all or a part of the loan into common shares at a price which is the lower of (i) the lowest price per share for Class "A" common shares issued at any time prior to such date of conversion, or (ii) $0.41 per common share.

17. Related parties

(a) The Company is owed $4,231 at September 30, 2016 from ABcann Medical Distributors Inc., a company under common control (December 31, 2015 - $5,504 due to; 2014 - $6,012 due to)
(b) In 2014, amounts due from director of $2,495 were advanced by the Company interest-free with no fixed terms of repayment. The amounts were repaid by the director in 2015.
(c) In 2014, amounts due to a shareholder of $18,870 were advanced to the Company interest-free with no fixed terms of repayment. In 2015, the shareholder subscribed for 46,024 shares using the $18,870 advanced as consideration.
(d) Interactive Technology Syndicate Ltd., a business owned by an executive and shareholder of the Company, provided services which were capitalized to the Company's intangible assets in the amount of $37,000 (2015 - $55,000; 2014 - $65,000). As at September 30, 2016, the Company had $59,275 owing to Interactive Technology Syndicate Ltd., recorded under accounts payable and accrued liabilities (2015 - $14,820; 2014 - $nil).
(e) At September 30, 2016, the Company owed $121,612 to entities controlled by directors of the Company (2015 - $60,475; 2014 - $nil).

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

(f) Key management includes directors and officers of the Company. Compensation awarded to key management was composed of the following:

	September 30, 2016	September 30, 2015	December 31, 2015	December 31, 2014
Short-term	$ **370,500**	$ 370,500	$ 414,251	$ 394,377
Share-based payments	**39,353**	248,265	331,022	96,851
Total	$ **409,853**	$ 618,765	$ 745,273	$ 491,228

18. Convertible debenture

On July 3, 2014, the Company issued convertible debentures in the amount of $750,000, bearing interest at a rate of 9.5%, maturing July 3, 2016. The debentures and accrued interest payable were convertible to Class "A" common shares at the option of the holder at a rate of $0.55 per share upon maturity. Transaction costs associated with obtaining the convertible debentures amounted to $34,080, and were presented net of the debentures payable. Amortization of these financing charges amounted to $2,840 for the year.

During 2014, the convertible debenture holders exchanged the debentures amounting to $750,000 together with $11,990 of unpaid interest for 1,858,512 Class "A" common shares, valued at $0.41 per share and 1,858,512 Class "A" common share warrants. The incremental consideration to induce early conversion amounted to $193,961, which was charged to the statement of loss and comprehensive loss. The carrying value of the debentures at the time of the exchange was $730,750, resulting in a loss on conversion of convertible debentures in the amount of $31,240.

On November 10, 2015, the Company entered into an agreement to issue convertible debentures of up to $1,500,000. The convertible debentures bear interest at 12% per annum, with accrued interest and principal payable 2 years from the date of issuance. The convertible debentures and accrued interest can be converted at the option of the holder to Class "A" common shares at a conversion price of $0.41 per share. The convertible debentures contain a down round adjustment provision, which adjusts the conversion price if securities are issued at an effective price per share that is lower than the stated conversion price. This down round adjustment provision is considered a derivative liability, which was valued at $706,835 in 2015 and $278,446 for the tranche issued during the nine months ended September 30, 2016 (note 11).

The convertible debenture automatically converts to shares in the event of a material financing of not less than $4,000,000 prior to the maturity date.

		Amount
Balance, December 31, 2014	$	-
Tranche 1		650,000
Tranche 2		400,000
Less: allocated to down round derivative liability		(706,835)
Less: issuance costs		(25,199)
Accretion		19,951
Accrued interest		22,856
Balance, December 31, 2015	$	360,773
Tranche 3		450,000
Less: allocated to down round derivative liability		(278,446)
Less: issuance costs		(4,422)
Accretion		257,198
Accrued interest		141,835
Balance, September 30, 2016	**$**	**926,938**

In addition, subject to the conversion of the convertible debenture to shares, the Company will be required to issue a warrant to purchase Class "A" common shares for gross proceeds of $300,000 for that number of shares that when taken with the number of shares issued under the conversion of the convertible debenture and the exercise of the warrant, the weighted average purchase price for all Class "A" common shares purchased and issued to the debenture holder will be the conversion price less $0.05 per share.

19. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, warrants, contributed surplus and accumulated deficit, as well as mortgages and loans payable.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares, mortgages and loans.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

20. Financial instruments and risk management

Financial instruments

The Company has classified its cash and cash equivalents as fair value through profit and loss ("FVTPL"), other receivables, short-term investments, due from related parties, loan receivable and mortgage receivable as loans and receivables, and accounts payable and accrued liabilities, derivative liability, due to related parties, mortgage payable, convertible debenture and loans payable as other financial liabilities.

The carrying values of cash and cash equivalents, other receivables, short-term investments, due to/from related parties, loan receivable, accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash are Level 1. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3 – inputs for assets and liabilities not based upon observable market data

Financial risk factors

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

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, other receivables, loan receivable and mortgage receivable. The Company's cash is held at a major Canadian bank or credit union. Other receivables are related to HST refunds, which management believes does not pose a significant credit risk. A loan receivable of $160,000 extended to an unrelated entity has been impaired to $nil, representing the majority of loans receivable. The mortgage receivable is secured against property, which mitigates the credit risk exposure. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1). All of the Company's financial liabilities are due within one year except for the derivative liability.

(c) Interest rate risk

The Company is subject to interest rate risk from its mortgage, loan payables and convertible debentures. Debentures, loan payables and mortgages owed by the Company are all currently fixed rate instruments. A portion of the Company's loan receivable is subject to a floating interest rate, which changes based on prevailing market conditions.

21. Income taxes

The Company is subject to income tax in Canada, and certain provincial jurisdictions. Income taxes have not been recognized in profit and loss, as the Company has been incurring losses since inception, and it is not probable that future taxable profits will be available against which the accumulated tax losses can be utilized.

	September 30, 2016	2015	2014
Loss before income taxes	$ 2,962,828	$ 4,401,747	$ 3,975,940
Statutory rate	26.5%	26.5%	26.5%
Expected income tax recovery at combined basic federal and provincial tax rate	$ (785,149)	$ (1,166,463)	$ (1,053,624)
Effect on income taxes of:			
Non-deductible expenses	49,249	146,646	320,256
Undeducted share issue costs	-	(2,982)	(301,655)
Change in tax benefits not recognized	735,901	1,022,799	1,035,023
Income tax recovery	$ -	$ -	$ -

The components of the Company's deferred tax assets and liabilities are as follows:

	September 30, 2016	December 31, 2015	December 31, 2014
Deferred Tax Assets			
Non-capital loss carried forward	$ 428,969	$ 154,226	$ 766
Deferred Tax Liabilities			
Property, plant and equipment	$ -	$ -	$ (766)
Biological assets and inventory	(389,935)	(141,123)	-
Convertible debt	(39,034)	(13,103)	-
Net deferred tax liabilities	$ -	$ -	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	September 30, 2016	December 31, 2015	December 31, 2014
Non-capital loss carried forward	$ 10,630,959	$ 7,693,772	$ 3,691,273
Property, plant and equipment	143,019	119,215	-
Eligible capital expenditures	11,291	11,291	12,141
Share and debt issuance costs	569,464	753,471	1,094,714
Unrealized capital loss	80,000	80,000	-
	$ 11,434,733	$ 8,657,749	$ 4,798,128

The Company's Canadian non-capital income tax losses expire as follows:

2032	$	225,890
2033		649,401
2034		2,818,873
2035		4,581,596
2036		3,973,950
	$	12,249,710

22. Transition to IFRS

As stated under Note 2, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS.

The policies set out in Note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2015, and the comparative information presented in these consolidated financial statements for the year ended December 31, 2014, a consolidated statements of financial position as at December 31, 2015, and an opening IFRS consolidated statements of financial position at January 1, 2014 (the Company's date of transition). The Company has followed the recommendations in IFRS 1 First-time adoption of IFRS, in preparing its transitional annual consolidated financial statements.

IFRS exemptions and choices

In preparing its opening IFRS consolidated statements of financial position, the Company did not adjust the amounts reported previously in its financial statements prepared in accordance with ASPE. There were no consolidated financial statement impact resulting from the transition from ASPE to IFRS other than as described below.

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting date. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company did not use the optional exemptions listed in IFRS 1.

Mandatory exceptions to retrospective application

Estimates: Hindsight was not used to create or revise estimates. The estimates previously made by the Company under ASPE are consistent with their application under IFRS.

The ASPE statement of financial position at January 1, 2014 has been reconciled to IFRS as follows:

As at January 1, 2014		ASPE		Effect of transition to IFRS		IFRS
Assets						
Current assets						
Cash	$	621,705	$	-	$	621,705
Other receivables		18,690		-		18,690
Due from related parties		52,374		-		52,374
Prepaid expenses		29,225		-		29,225
Current assets held for sale		123,500		-		123,500
		845,494		-		845,494
Property and equipment		489,278		-		489,278
Intangible assets		30,000		-		30,000
	$	1,364,772	$	-	$	1,364,772
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	$	19,466	$	-	$	19,466
Current portion of mortgage payable		110,463		-		110,463
		129,929		-		129,929
Mortgage payable		350,000		-		350,000
		479,929		-		479,929
Shareholders' equity (deficiency)						
Share capital		2,499,049		-		2,499,049
Contributed surplus		1,015,512		-		1,015,512
Deficit		(2,629,718)		-		(2,629,718)
		884,843		-		884,843
	$	1,364,772	$	-	$	1,364,772

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

The ASPE statement of financial position at December 31, 2014 has been reconciled to IFRS as follows:

As at December 31, 2014	ASPE	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash	$ 368,801	$ -	$ 368,801
Short-term investments	70,000	-	70,000
Other receivables	730,974	-	730,974
Due from related parties	7,507	-	7,507
Loan receivable	40,000	-	40,000
Prepaid expenses	117,060	-	117,060
Current assets held for sale	123,500	-	123,500
	1,457,842	-	1,457,842
Property and equipment	5,887,585	-	5,887,585
Intangible assets	71,250	-	71,250
	$ 7,416,677	$ -	$ 7,416,677
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 535,109	$ -	$ 535,109
Due to related parties	18,870	-	18,870
Current portion of mortgage payable	456,593	-	456,593
	1,010,572	-	1,010,572
Mortgage payable	-	-	-
	1,010,572	-	1,010,572
Shareholders' equity (deficiency)			
Share capital	10,935,538	(4,301,069)	6,634,469
Contributed surplus	2,076,225	-	2,076,225
Warrant reserve	-	4,301,069	4,301,069
Deficit	(6,605,658)	-	(6,605,658)
	6,406,105	-	6,406,105
	$ 7,416,677	$ -	$ 7,416,677

As part of the transition, warrants and broker warrants issued as part of a private placement that were previously allocated to share capital under ASPE have been reallocated to warrant reserve under IFRS.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2016 (unaudited), and September 30, 2015 (unaudited) and the years ended December 31, 2015 and December 31, 2014

The ASPE statements of loss and comprehensive loss at December 31, 2014 have been reconciled to IFRS as follows:

For the year ended December 31, 2014		ASPE		Effect of transition to IFRS		IFRS
Revenue:						
Other income	$	853	$	-	$	853
Expenses:						
Salaries and wages		1,421,564		-		1,421,564
Amortization and depreciation		71,636		-		71,636
Share-based payments		952,255		-		952,255
Production Supplies and Expense		229,998		-		229,998
Consulting fees		249,369		-		249,369
Research & Development		225,000		-		225,000
Professional fees		129,020		-		129,020
Office expense		164,398		-		164,398
Finance expense		50,271		-		50,271
Travel		135,352		-		135,352
Advertising & Promotion		15,683		-		15,683
Communication		17,819		-		17,819
Vehicle		33,822		-		33,822
Rent		34,078		-		34,078
Insurance		10,723		-		10,723
Property tax		15,257		-		15,257
Loss on disposal of propery and equipment		1,139		-		1,139
Loss on early conversion of convertible debentures		31,240		193,961		225,201
Finance income		(5,792)		-		(5,792)
		3,782,832		193,961		3,976,793
Net loss and comprehensive loss	$	(3,781,979)	$	(193,961)	$	(3,975,940)
Net loss per share						
Basic and diluted	$	(0.08)	$	(0.01)	$	(0.09)
Weighted average shares outstanding		46,408,665		-		46,408,665

As part of the transition, the incremental consideration to induce the exchange of convertible debentures was charged to net loss and comprehensive loss under IFRS rather than charged to retained earnings as previously under ASPE.

23. Subsequent events

Debt financing

Subsequent to the period, the Company issued $5 million of senior secured convertible debentures at 10% interest rate, convertible at a 20% discount to the transaction price assigned to each share of the Company on completion of the proposed qualifying transaction. The convertible debentures mature 2 years from the date of issuance. In addition, $2,500,000 of warrants will be issued upon closing the proposed qualifying transaction, at an exercise price equal to the transaction price assigned to each share of the Company on completion of the proposed qualifying transaction.

Equity financing

Subsequent to the period, the Company issued 3,468,520 Class “A” common shares and 2,414,633 warrants for aggregate proceeds of $1,425,489. Each warrant is exercisable into one Class “A” common share at $0.50 for a term of two years from the date of issuance.

Shares issued for services

Subsequent to the period, the Company issued 275,332 Class “A” common shares valued at $0.41 per share for settlement of engineering and other services rendered to the Company.

Conversion of debt

Subsequent to the period, the Company issued 3,921,430 Class “A” common shares and 2,409,234 warrants representing the conversion of $1,381,863 of loans payable and $225,923 of accrued interest. The warrants are exercisable at $0.50 per share for a period of 2 years.

In addition, as part of the 10% interest bearing loan, 7,768,000 warrants were issued, exercisable at $0.41 per warrant for a period of 5 years.

Stock options

The Company granted 4,541,951 stock options subsequent to the period exercisable for Class “A” common shares at an exercise price ranging from nominal to $0.53 per share. 3,803,061 of the options vest immediately, with the remainder vesting over a period of seven months. The options expire 5 years from the date of grant.

Subsequent to the period, 698,171 stock options were exercised for gross proceeds of $1,042.

Mortgage discharge

Subsequent to the period, the Jensen mortgage of $1,182,695 plus interest and legal fees was repaid and discharged in full.

Exercise of broker warrants

Subsequent to the period, the Company agreed to extend the life of the 1,025,585 broker warrants while modifying the terms to be exercisable at $0.41 for Class “A” common shares only (removing the additional warrant). In March 2017, all 1,025,585 of the broker warrants were exercised into 1,025,585 Class “A” common shares for gross proceeds of $420,490.

Cancellation of options

Subsequent to the period, the Company and an optionee agreed to cancel 300,000 previously vested and outstanding options. The cancelled options had an exercise price of $0.50 and were originally to expire in March 2019.

Proposed Qualifying Transaction

Effective November 30, 2016, the Company entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with Panda Capital Inc. (NEX:PDA.H) ("Panda"), pursuant to which Panda has agreed to acquire all of the securities of ABcann by way of a three-cornered amalgamation (the "Transaction") between Panda, ABcann and a wholly-owned subsidiary of Panda formed for the purpose of completing the amalgamation ("Newco"). Upon completion of the Transaction, Amalco will be a wholly-owned subsidiary of Panda.

Pursuant to the terms of the Amalgamation Agreement:

a) ABcann and Newco will amalgamate and continue as Amalco;
b) each ABcann Shareholder (other than ABcann Dissenting Shareholders) will transfer their ABcann Shares to Panda in exchange for one Panda Consideration Share for each ABcann Share held;
c) all ABcann Warrants and any other ABcann Convertible Securities outstanding will become exercisable into Panda Shares, in accordance with the respective adjustment provisions thereof;
d) all ABcann Options outstanding will become exercisable into Panda Shares, in accordance with the provisions of the Panda 2017 Option Plan and, if any such ABcann Options are held by individuals who are not directors, officers, employees or consultants of ABcann or the Resulting Issuer at the time of the Closing, such ABcann Options will terminate on the date that is one year following the Closing;
e) each Newco Share issued and outstanding immediately before the Effective Time will be exchanged for one Amalco Share; and
f) all ABcann Shares held by Panda as a result of the exchange contemplated by subsection (i) will be cancelled and Panda will receive, for each ABcann Share, one Amalco Share and Amalco will be a wholly-owned subsidiary of Panda.

The Transaction will result in the reverse takeover of Panda by ABcann and will constitute Panda's Qualifying Transaction (as defined in the policies of the TSXV. The Company intends to change its name to "ABcann Global Corporation" or such other name as may be agreed by the parties.

The acquisition is subject, but not limited, to regulatory and shareholder approvals.

SCHEDULE "D"

PRO FORMA FINANCIAL STATEMENTS OF ABCANN GLOBAL CORPORATION

See attached document

ABcann Global Corporation

Unaudited pro forma consolidated statement of financial position as at September 30, 2016
(Expressed in Canadian Dollars, unless otherwise noted)

	Panda Capital Inc.	ABcann Medicinals Inc.	Note 5	Adjustments	Total
Assets	$	$		$	$
Current assets					
Cash and cash equivalents	45,269	108,932	(e)	1,005,000	27,734,748
			(g)	300,000	
			(i)	4,625,000	
			(k)	7,340,000	
			(n)	(1,170,985)	
			(o)	600,000	
			(p)	(315,000)	
			(q)	1,042	
			(s)	(175,000)	
			(u)	14,950,000	
			(y)	420,490	
Short term investments	150,000	-		-	150,000
Accounts receivable	-	40,672		-	40,672
Other receivables	-	28,399		-	28,399
Inventories	-	970,022		-	970,022
Biological assets	-	504,762		-	504,762
Due from related parties	-	4,231		-	4,231
Loan receivable	-	18,050		-	18,050
Current portion of mortgage receivable	-	128,619		-	128,619
Prepaid expenses	-	98,160		-	98,160
Total current assets	195,269	1,901,847		27,580,547	29,677,663
Non-current assets					
Property and equipment	-	5,546,293	(s)	175,000	5,721,293
Intangible assets, net	-	56,625		-	56,625
Total assets	195,269	7,504,765		27,755,547	35,455,581
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	28,451	1,388,583	(h)	(225,923)	1,078,225
			(r)	(112,886)	
Due to related party	1,337	-		-	1,337
Loans payable	-	3,018,770	(h)	(2,046,966)	971,804
Mortgage payable	-	1,520,985	(n)	(1,170,985)	350,000
Total current liabilities	29,788	5,928,338		(3,556,760)	2,401,366
Non-current liabilities					
Convertible debenture	-	926,938	(f)	(926,938)	11,267,078
			(i)	3,146,624	
			(j)	(710,623)	
			(o)	528,000	
			(u)	12,237,282	
			(v)	(3,406,204)	
			(w)	(528,000)	
Derivative liability	-	586,032	(f)	(586,032)	4,191,095
			(i)	1,478,376	
			(u)	2,712,718	
Total liabilities	29,788	7,441,308		10,388,443	17,859,539
Shareholders' Equity					
Share capital	651,651	7,051,657	(a)	(651,651)	22,566,798
			(d)	2,250,000	
			(e)	633,666	
			(f)	1,758,868	
			(g)	300,000	
			(h)	1,237,282	
			(k)	7,340,000	
			(l)	(241,563)	
			(q)	346,792	
			(r)	112,886	
			(t)	320,000	
			(w)	600,000	
			(y)	857,210	
Contributed surplus	181,033	2,678,510	(c)	(181,033)	3,649,548
			(m)	1,271,137	
			(o)	72,000	
			(q)	(345,750)	
			(w)	(72,000)	
			(x)	45,651	
Warrant reserve	-	4,303,524	(e)	371,334	9,632,135
			(h)	1,035,607	
			(j)	710,623	
			(l)	241,563	
			(v)	3,406,204	
			(y)	(436,720)	
Deficit	(667,203)	(13,970,234)	(b)	667,203	(18,252,439)
			(d)	(2,084,519)	
			(f)	(245,898)	
			(m)	(1,271,137)	
			(p)	(315,000)	
			(t)	(320,000)	
			(x)	(45,651)	
Accumulated other comprehensive income	-	-			-
Total shareholders' equity	165,481	63,457		17,367,104	17,596,042
Total liabilities and shareholders' equity	195,269	7,504,765		27,755,547	35,455,581

See accompanying notes to the unaudited pro forma financial statement

ABcann Global Corporation

Notes to Unaudited Pro Forma Consolidated Financial Statement
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise noted)

1. Basis of presentation

The unaudited pro forma consolidated statement of financial position of Panda Capital Inc. (the "Company") as at September 30, 2016 (the "Pro Forma Financial Statements"), has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, after giving effect to the proposed transaction between the Company and ABcann Medicinals Inc. ("ABcann") on the basis of the assumptions and adjustments described in notes 2, 3, 4 and 5.

The unaudited pro forma consolidated statement of financial position has been derived from:

(a) the unaudited statement of financial position of the Company as at September 30, 2016;
(b) the unaudited statement of financial position of ABcann as at September 30, 2016; and
(c) unless otherwise noted, the unaudited pro forma consolidated statements of financial position and its accompanying notes are presented in Canadian dollars.

It is management's opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the ABcann's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combination had actually occurred on September 30, 2016.

The unaudited Pro Forma Financial Statements should be read in conjunction with the historical financial statements and notes thereto of the Company and ABcann, included elsewhere in this Filing Statement.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of ABcann as at and for the year ended December 31, 2015. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by ABcann in the preparation of its financial statements.

3. The transaction

Effective November 30, 2016, the Company entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with ABcann, pursuant to which Panda has agreed to acquire all of the securities of ABcann by way of a three-cornered amalgamation (the "Transaction") between Panda, ABcann and a wholly-owned subsidiary of Panda formed for the purpose of completing the amalgamation ("Newco"). Upon completion of the Transaction, Amalco will be a wholly-owned subsidiary of Panda.

Pursuant to the terms of the Amalgamation Agreement:

a) ABcann and Newco will amalgamate and continue as Amalco;

b) each ABcann Shareholder (other than ABcann Dissenting Shareholders) will transfer their ABcann Shares to Panda in exchange for one Panda Consideration Share for each ABcann Share held;

c) all ABcann Warrants and any other ABcann Convertible Securities outstanding will become exercisable into Panda Shares, in accordance with the respective adjustment provisions thereof;

d) all ABcann Options outstanding will become exercisable into Panda Shares, in accordance with the provisions of the Panda 2017 Option Plan and, if any such ABcann Options are held by individuals who are not directors, officers, employees or consultants of ABcann or the Resulting Issuer at the time of the Closing, such ABcann Options will terminate on the date that is one year following the Closing;

e) each Newco Share issued and outstanding immediately before the Effective Time will be exchanged for one Amalco Share; and

f) all ABcann Shares held by Panda as a result of the exchange contemplated by subsection (i) will be cancelled and Panda will receive, for each ABcann Share, one Amalco Share and Amalco will be a wholly-owned subsidiary of Panda.

The Transaction will result in the reverse takeover of Panda by ABcann and will constitute Panda's Qualifying Transaction (as defined in the policies of the TSXV. The Company intends to change its name to "ABcann Global Corporation" or such other name as may be agreed by the parties.

The acquisition is subject, but not limited, to regulatory and shareholder approvals.

(Expressed in Canadian Dollars, unless otherwise noted)

4. Accounting for RTO

The Transaction has been accounted for in accordance with IFRS 2, which results in the following:

- ABcann is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes;
- accordingly, ABcann's balances are accounted for at cost and the Company is accounted for at fair value;
- since the Company's operations do not constitute a business, the transaction has been accounted for as a reverse acquisition that is not a business combination;
- therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed;
- the capital structure recognized in the consolidated financial statements will be that of the Company, but the dollar amount of the issued share capital in the unaudited pro forma consolidated statement of financial position immediately prior to acquisition will be that of ABcann, plus the value of shares issued by the Company to acquire ABcann, plus any shares issued by the Company prior to or as part of the transaction.

5. Pro forma assumptions and adjustments

The unaudited pro forma consolidated statement of financial position reflects the following assumptions and adjustments:

(a) A reduction in share capital of $651,651 to eliminate the Company's historical share capital.

(b) An adjustment of $667,203 to eliminate the Company's historical deficit.

(c) An adjustment of $181,033 to eliminate the Company's historical contributed surplus.

(d) Since the Company's operations do not constitute a business, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed. An increase in share capital of $2,250,000 and an increase in deficit of $2,084,519 has been allocated based on the following:

Consideration transferred (2,812,500 shares at a price of $0.80 per share)	$ 2,250,000
Cash and cash equivalents	$ 45,269
Short term investments	150,000
Accounts payable and accrued liabilities	(28,451)
Due to related party	(1,337)
Transaction costs	2,084,519
	$ 2,250,000

(e) An increase in cash of $1,005,000, an increase in share capital of $633,666 and an increase in warrant reserve of $371,334 from the issuance of 2,442,935 common shares and 2,414,633 warrants of ABcann as part of private placements subsequent to the period. The warrants were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 2 years and dividend yield of nil.

(f) An increase in share capital in the amount of $1,758,868, a decrease in convertible debentures and derivative liability of $926,938 and $586,032 representing the conversion in full of the convertible debentures and accrued interest into 4,289,921 common shares of ABcann prior to closing the Transaction, and an increase in deficit for the remainder for interest expense subsequent to the period.

(g) An increase in share capital in the amount of $300,000, and a corresponding increase in cash representing the issuance and exercise of 1,429,157 warrants of ABcann upon conversion of the convertible debentures in note 5(f).

(h) An increase in share capital in the amount of $1,237,282, an increase in warrant reserve in the amount of $370,504 and a corresponding decrease in loans payable of $1,381,863 and decrease in accounts payable of $225,923 representing the conversion of a portion loans and accrued interest into 3,921,430 common shares and 2,409,234 warrants of ABcann subsequent to the period. The warrants were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 2 years and dividend yield of nil.

In addition, an increase in warrant reserve and decrease in loan payable of $665,103 to reflect the amendment to the 10% interest bearing loan into a convertible loan, plus a total of 7,768,000 warrants, exercisable at $0.41 per warrant. The warrant and conversion feature value is the residual after fair valuing the corresponding debt without conversion feature or warrants with a discount rate of 15%.

(i) An increase in cash of $5,000,000 less transaction costs of $375,000, an increase in convertible debentures of $3,146,624, and an increase in derivative liability of $1,478,376 for the issuance of senior secured convertible debentures by ABcann subsequent to the period. The convertible debentures bear interest at 10% per annum, maturing in October 2018 and are convertible at a 20% discount to the transaction price assigned to each common shares of the Company on completion of the transaction. The derivative liability was valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 1.5 years and dividend yield of nil.

ABcann Global Corporation

Notes to Unaudited Pro Forma Consolidated Financial Statement
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise noted)

5. Pro forma assumptions and adjustments (continued)

(j) An increase in warrant reserve in the amount of $710,623, and a corresponding decrease in convertible debentures representing the issuance of 3,906,250 warrants of ABcann upon closing the transaction as part of the issuance of the convertible debentures in note 5(i). The warrants were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 2 years and dividend yield of nil and allocated pro-rata to the convertible debentures and derivative liability.

(k) An increase in cash and corresponding increase in share capital of $8,000,000 less estimated transaction costs of $660,000 from issuance of 10,000,000 common shares of the Company as part of the transaction financing, on a private placement basis.

(l) An increase in warrant reserve of $241,563 and corresponding decreases in share capital to reflect 700,000 broker warrants issued in relation to the private placement in note 5(k). The warrants were valued using the Black-Scholes Option Pricing Model using an exercise price of $0.80, volatility of 80%, risk free rate of 0.52%, expected life of 2 years and dividend yield of nil.

(m) To reflect the issuance by ABcann of 4,541,951 stock options subsequent to the period, resulting in an increase in contributed surplus of $1,271,137. These options were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.62%, expected life of 5 years and dividend yield of 0%, with 3,803,061 options vesting immediately.

(n) A decrease in cash and corresponding decrease in mortgage payable of $1,170,985 to reflect the repayment of a mortgage subsequent to the period.

(o) An increase in cash and corresponding increase in convertible debentures of $600,000 less the portion allocated to contributed surplus of $72,000 for the issuance of convertible debentures by the Company subsequent to the period. The convertible debentures bear interest at 10% per annum and are convertible at $0.24 per unit, with each unit consisting of one common share and one warrant exercisable at $0.24 per share of the Company for a period of three years on completion of the transaction.

(p) A decrease in cash and a corresponding increase in transaction costs in the amount of $315,000 representing estimated costs incurred related to the transaction.

(q) An increase in cash of $1,042, an increase in share capital of $346,792 and a decrease in contributed surplus of $345,750 from the exercise of 698,171 options for common shares of ABcann subsequent to the period.

(r) An increase in share capital and corresponding decrease in accounts payable of $112,886, representing the issuance of 275,332 common shares valued at $0.41 per share for settlement of engineering and other services rendered to the Company.

(s) An increase in property and equipment of $175,000 and a corresponding decrease in cash of $175,000 from the contemplated purchase of an additional parcel of land adjacent to the Kimmett Property.

(t) An increase in share capital and corresponding increase in deficit of $320,000 to recognize the issuance of 400,000 shares as part of a finder's fee agreement upon closing of the transaction.

(u) An increase in cash of $15,000,000 less transaction costs of $50,000, an increase in convertible debentures of $12,237,282, and an increase in derivative liability of $2,712,718 for the issuance of senior secured convertible debentures by the Company subsequent to the period. The convertible debentures bear interest at 10% per annum, maturing 3 years from the date of issuance, and are convertible at a 30% premium to the transaction price assigned to each common shares of the Company on completion of the transaction, subject to adjustment for equity raises below the original price. The derivative liability was valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 2.5 years and dividend yield of nil.

(v) An increase in warrant reserve in the amount of $3,406,204, and a corresponding decrease in convertible debentures representing the issuance of 15,000,000 warrants of the Company as part of the issuance of the convertible debentures in note 5(u). The warrants will only be exercisable if the Company does not complete, on or before July 1, 2018, a financing or financings for aggregate proceeds of not less than $18,000,000 through (i) the exercise of outstanding warrants or a new equity issuance from treasury (or a combination of both), (ii) a debt facility acceptable to the lead subscriber, or (iii) a combination of any of (i) or (ii).

The warrants were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.52%, expected life of 2 years and dividend yield of nil and allocated pro-rata to the convertible debentures and derivative liability.

(w) An increase in share capital of $600,000 with a corresponding decrease in convertible debentures and contributed surplus of $528,000 and $72,000 for the issuance of 2,500,000 shares and warrants on conversion of the convertible debentures in note 5(o), upon completion of the transaction.

(x) To reflect the issuance of 1,079,000 stock options upon closing of the transaction, resulting in an increase in deficit and contributed surplus of $45,651. These options were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.62%, expected life of 5 years and dividend yield of 0%, vesting monthly over a period of 12 months.

(y) An increase in cash of $420,490, an increase in share capital of $857,210 and a decrease in warrant reserve of $436,720 from the issuance of 1,025,585 common shares of ABcann on the exercise of warrants subsequent to the period. The warrants were exercisable at $0.41 per share.

ABcann Global Corporation

Notes to Unaudited Pro Forma Consolidated Financial Statement
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise noted)

6. Pro forma share capital

The Company's common shares outstanding - September 30, 2016	2,812,500	$ 651,651
Common shares issued to ABcann's shareholders	64,532,993	7,051,657
Reverse takeover adjustment - the Company's common shares (note 5(a))	-	(651,651)
Consideration transferred to shareholders of the Company (note 5(d))	-	2,250,000
Shares issued to ABcann shareholders in private placement subsequent to the period (note 5(e))	2,442,935	633,666
Shares issued for conversion of ABcann convertible debebentures (note 5(f))	4,289,921	1,758,868
Shares issued on exercise of warrants (note 5(g))	1,429,157	300,000
Shares issued for conversion of certain ABcann loans payable (note 5(h))	3,921,430	1,237,282
Shares to be issued pursuant to the private placement in note 5(k) net of issuance costs and broker warrants (note 5(l))	10,000,000	7,098,437
Exercise of stock options as described in note 5(q)	698,171	346,792
Shares issued for settlement of engineering services as described in note 5(r)	275,332	112,886
Shares issued as finder's fee as described in note 5(t)	400,000	320,000
Shares issued for conversion of convertible debebentures (note 5(w))	2,500,000	600,000
Shares issued on exercise of warrants (note 5(y))	1,025,585	857,210
Pro forma share capital - September 30, 2016	**94,328,024**	**$ 22,566,798**

7. Pro forma contributed surplus

	Amount
The Company's contributed surplus - September 30, 2016	$ 181,033
ABcann's contributed surplus - September 30, 2016	2,678,510
Elimination of the Company's contributed surplus (note 5(c))	(181,033)
Issuance of stock options to as described in note 5(m)	1,271,137
Equity component of convertible debentures as described in note 5(o)	72,000
Exercise of stock options as described in note 5(q)	(345,750)
Conversion of equity component of convertible debentures as described in note 5(w)	(72,000)
Issuance of stock options to as described in note 5(x)	45,651
Pro forma contributed surplus - September 30, 2016	**$ 3,649,548**

8. Pro forma warrant reserve

	Number	Amount
ABcann's warrant reserve - September 30, 2016	20,838,148	4,303,524
Warrants issued in relation to the private placement described in note 5(e)	2,414,633	371,334
Warrants issued for conversion of certain ABcann loans payable (note 5(h))	10,177,234	1,035,607
Warrants issued in relation to the convertible debentures described in note 5(i) and (j)	3,906,250	710,623
Broker warrants to be issued in relation to the private placement in note 5(l)	700,000	241,563
Warrants issued in relation to the convertible debentures described in note 5(u) and (v)	15,000,000	3,406,204
Warrants issued in relation to the convertible debentures described in note 5(w)	2,500,000	-
Exercise of warrants described in note 5(y)	(1,025,585)	(436,720)
Pro forma warrants - September 30, 2016	**54,510,680**	**$ 9,632,135**

ABcann Global Corporation

Notes to Unaudited Pro Forma Consolidated Financial Statement
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise noted)

9. Pro forma stock options

	Weighted average remaining life (yrs)	Number outstanding	Number vested	Exercise price
The Company's options as at September 30, 2016	N/A	-	-	$ -
ABcann options issued as at September 30, 2016	4.37	4,788,171	4,438,171	0.45
ABcann options issued subsequent to the period[1]	5.00	4,541,951	4,541,951	0.36
ABcann options exercised subsequent to the period		(698,171)	(698,171)	(0.00149)
Cancellation of ABcann options[1]	2.47	(300,000)	(300,000)	0.50
Options to be issued on closing of the transaction	5.00	1,079,000	89,917	0.80
Pro forma stock options - September 30, 2016		**9,410,951**	**8,071,868**	**$ 0.48**

(1) assumes all stock options granted vest immediately.

(2) 300,000 vested ABcann options were cancelled for no additional consideration subsequent to the period.

10. Pro forma warrants

	Weighted average remaining life (yrs)	Number outstanding	Weighted average exercise price
The Company's warrants as at September 30, 2016	N/A	-	$ -
ABcann warrants issued as at September 30, 2016	0.94	20,838,148	0.62
ABcann warrants issued subsequent to the period[1]	2.72	32,198,117	0.66
Warrants issued as described in note 5(w)	3.00	2,500,000	0.24
Warrants exercised as described in note 5(y)	0.50	(1,025,585)	0.41
Pro forma warrants - September 30, 2016		**54,510,680**	**$ 0.63**

(1) assumes full weighted average remaining life.

11. Pro forma deficit

	Amount
The Company's deficit - September 30, 2016	$ 667,203
ABcann's deficit - September 30, 2016	13,970,234
Elimination of the Company's deficit (note 5(b))	(667,203)
Additional transaction costs in note 5(d)	2,084,519
To record transaction expense on conversion of convertible debentures as described in note 5(f)	245,898
To record the issuance of stock options to ABcann's option holders as described in note 5(m)	1,271,137
Additional transaction costs in note 5(p)	315,000
Finder's fee costs in note 5(t)	320,000
To record the issuance of stock options as described in note 5(x)	45,651
Pro forma deficit - September 30, 2016	**$ 18,252,439**

12. Pro forma restricted share units

The Company expects to grant 2,972,888 restricted share units upon closing of the transaction, The RSUs will vest on the date that is one year following the closing of the transaction.

13. Pro forma income taxes

The Company expects to have an effective pro forma income tax rate of 26.5%.

SCHEDULE "E"

PANDA CAPITAL INC.
(the "Company")

2017 ROLLING STOCK OPTION PLAN
February 27, 2017

1. PURPOSE

The purpose of this 2017 Rolling Stock Option Plan (this "**Plan**") is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares (as defined herein). It is the intention of the Company that, if and so long as the Common Shares are listed on the TSXV (as defined herein), at the discretion of the Board (as defined herein), this Plan will at all times be in compliance with the TSXV Policies (as defined herein) and unless the Board determines otherwise, any inconsistencies between this Plan and the TSXV Policies whether due to inadvertence or changes in TSXV Policies will be resolved in favour of the TSXV Policies.

2. INTERPRETATION

2.1 Definitions

For the purposes of this Plan, the following terms have the respective meanings set forth below:

(a) "**Affiliate**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(b) "**Associate**" has the same meaning as ascribed to that term as set out in the TSXV Policies;

(c) "**Board**" means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;

(d) "**Change of Control**" means the occurrence of any one of the following events:

(i) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as the term "offeror" is defined in Section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*) has acquired beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, any shares of capital stock of any class of the Company carrying voting rights under all circumstances (the "**Voting Shares**"), that, together with the offeror's securities would constitute Voting Shares of the Company representing more than 50% of the total voting power attached to all Voting Shares of the Company then outstanding,

(ii) there is consummated any amalgamation, consolidation, statutory arrangement, merger, business combination or other similar transaction involving the Company: (1) in which the Company is not the continuing or surviving corporation, or (2) pursuant to which any Voting Shares of the Company would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement, merger, business combination or other similar transaction involving the Company in which the holders of the Voting Shares of the Company immediately prior to such amalgamation, consolidation, statutory arrangement, merger, business combination or other similar transaction have, directly or indirectly, more than 50% of the Voting Shares of the continuing or surviving corporation immediately after such transaction,

(iii) any person or group of persons shall succeed in having a sufficient number of its nominees elected as directors of the Company such that such nominees, when added to any existing directors of the Company, will constitute a majority of the directors of the Company, or

(iv) there is consummated a sale, transfer or disposition by the Company of all or substantially all of the assets of the Company,

provided that an event shall not constitute a Change of Control if its sole purpose is to change the jurisdiction of the Company's organization or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such event;

(e) "**Common Shares**" means the common shares in the capital of the Company as constituted on the Grant Date, provided that, in the event of any adjustment pursuant to Section 4.9, "Common Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment;

(f) "**Company**" means Panda Capital Inc. and includes, unless the context otherwise requires, all of its subsidiaries or Affiliates and successors according to law;

(g) "**Consultant**" means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director of the Company, that:

(i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a Distribution,

(ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company,

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company, and

(iv) has a relationship with the Issuer or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

(h) "**Consultant Company**" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

(i) "**Director**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(j) "**Disability**" means any disability with respect to an Optionee which the Board in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(i) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries, or

(ii) acting as a director or officer of the Company or its subsidiaries,

and "**Date of Disability**" means the effective date of the Disability as determined by the Board in its sole and unfettered discretion;

(k) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Insiders, and their Associates, to whom Options may be granted under this Plan;

(l) "**Distribution**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(m) "**Eligible Person**" means, from, time to time, any bona fide Director, Employee or Consultant of the Company or an Affiliate of the Company;

(n) "**Employee**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(o) "**Exercise Price**" means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

(p) "**Expiry Date**" means 5:00 p.m. (Vancouver time) on the day on which an Option expires as specified in the Option Agreement therefor or in accordance with the terms of this Plan;

(q) "**Grant Date**" for an Option means the date of grant thereof by the Board, whether or not the grant is subject to any Regulatory Approval;

(r) "**Insider**" means:

(i) an insider as defined in the TSXV Policies or as defined in securities legislation applicable to the Company, and

(ii) an Associate of any person who is an Insider by virtue of Section 2.1(r)(i) above;

(s) "**Investor Relations Activities**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(t) "**Management Company Employee**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(u) "**Notice of Exercise**" means a written notice in substantially the form attached as Exhibit A1 to Schedule A hereto or as Exhibit B1 to Schedule B hereto, as applicable;

(v) "**Option**" means the right to purchase Common Shares granted hereunder to an Eligible Person;

(w) "**Option Agreement**" means the stock option agreement between the Company and an Eligible Person whereby the Company provides notice of grant of an Option to such Eligible Person substantially in the form of Schedule "A" hereto for Eligible Persons not engaged in Investor Relations Activities and substantially in the form of Schedule "B" hereto for Eligible Persons engaged in Investor Relations Activities;

(x) "**Optioned Shares**" means Common Shares that may be issued in the future to an Eligible Person upon the exercise of an Option;

(y) "**Optionee**" means the recipient of an Option hereunder, their heirs, executors and administrators;

(z) "**Person**" means a corporation or an individual;

(aa) "**Plan**" means this Stock Option Plan, the terms of which are set out herein or as may be amended and/or restated from time to time;

(bb) "**Plan Shares**" means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 3.2;

(cc) "**Regulatory Approval**" means the approval of the TSXV and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder, as may be required;

(dd) "**Share Compensation Arrangement**" means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise;

(ee) "**Tier 1 Issuer**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(ff) "**Tier 2 Issuer**" has the same meaning ascribed to that term as set out in the TSXV Policies;

(gg) "**TSXV**" means the TSX Venture Exchange and any successor thereto; and

(hh) "**TSXV Policies**" means the rules and policies of the TSXV, as amended from time to time.

2.2 Currency. Unless otherwise indicated, all dollar amounts referred to in this Plan are in Canadian funds.

2.3 Gender. As used in this Plan and any Schedules hereto, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires.

2.4 Interpretation. This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

3. STOCK OPTION PLAN

3.1 Establishment of Plan. This Plan is hereby established to recognize contributions made by Eligible Persons and to create an incentive for their continuing assistance to the Company and its Affiliates.

3.2 Maximum Number of Plan Shares. Subject to adjustment as provided in this Plan, the aggregate number of Plan Shares reserved for issuance under the Plan, including any other Common Shares which may be issued pursuant to any other stock options granted by the Company outside of this Plan, shall not exceed ten percent (10%) of the total number of issued Common Shares of the Company (calculated on a non-diluted basis) at the time an Option is granted. The number of Optioned Shares granted under the Plan cannot exceed the number of Plan Shares.

3.3 Eligibility. Options to purchase Common Shares may be granted hereunder to Eligible Persons from time to time by the Board. If and when the Company's shares are listed on the TSXV, Eligible Persons that are corporate entities will be required to agree in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares to any other individual or entity as long as such Options remain outstanding, unless the written permission of the TSXV and the Company is obtained. The Company represents that Eligible Persons who are granted Options will be bona fide Directors, Employees or Consultants of the Company or a subsidiary of the Company at the time of grant of such Options.

3.4 Options Granted Under the Plan. All Options granted under the Plan will be evidenced by an Option Agreement in substantially the form attached hereto as Schedule "A" (or such other form determined by the Board) in the case of Optionees not engaged in Investor Relations Activities or Schedule "B" (or such other form determined by the Board) in the case of Optionees engaged in Investor Relations Activities, as applicable, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

3.5 Terms Incorporated. Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Agreement made hereunder. In the event of any discrepancy between this Plan and an Option Agreement, the provisions of this Plan shall govern.

3.6 Limitations on Option Grants. If the Common Shares are listed on the TSXV, the following restrictions on the granting of Options are applicable under the Plan:

(a) Individuals. The aggregate number of Optioned Shares that may be reserved for issuance pursuant to Options granted to any one individual must not exceed 5% of the issued Common Shares of the Company (determined as at the Grant Date) in a 12-month period, unless the Company has obtained Disinterested Shareholder Approval pursuant to Section 3.10(c).

(b) Optionees Performing Investor Relations Activities. The aggregate number of Options granted to Eligible Persons engaged to provide Investor Relations Activities in a 12-month period must not exceed 2% of the issued Common Shares of the Company (determined as at the Grant Date) without the prior consent of TSXV.

(c) Consultants. The aggregate number of Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued Common Shares of the Company (determined as at the Grant Date) without the prior consent of TSXV.

3.7 Options Not Exercised. In the event an Option granted under the Plan expires unexercised, is terminated or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be available again for an Option grant under this Plan.

3.8 Acceleration of Unvested Options. If there is a Change of Control, then all outstanding Options, whether fully vested and exercisable or remaining subject to vesting provisions or other limitations on exercise, shall be exercisable in full to enable the Optioned Shares subject to such Options to be issued and tendered to such bid.

3.9 Powers of the Board. The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

(a) allot Common Shares for issuance in connection with the exercise of Options;

(b) grant Options hereunder;

(c) subject to appropriate shareholder and Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSXV Policies or the Company's tier classification thereunder;

(d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and

(e) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Eligible Persons (before a particular Option is granted) subject to the other terms hereof.

3.10 Terms Requiring Disinterested Shareholder Approval. If the Common Shares are listed on the TSXV and if required by the TSXV Policies, the Company must obtain Disinterested Shareholder Approval of Options if the Options, together with any other Share Compensation Arrangement, could result at any time in:

(a) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the issued Common Shares of the Company;

(b) the grant to Insiders, within a 12-month period, of stock options exceeding 10% of the issued Common Shares of the Company; or

(c) the issuance to any one Optionee, within a 12-month period, of a number of shares exceeding 5% of the issued Common Shares of the Company.

3.11 Effective Date of Plan. This Plan is effective as of the date first written above, subject to applicable Regulatory Approval and approval of the shareholders of the Company if required by the TSXV Policies.

4. TERMS AND CONDITIONS OF OPTIONS

4.1 Exercise Price. The Board shall establish the Exercise Price at the time each Option is granted, subject to the following conditions:

(a) if the Common Shares are listed on the TSXV, then the Exercise Price for the Options granted will not be less than the Discounted Market Price (as defined in the TSXV Policies);

(b) if the Common Shares are not listed, posted and trading on any stock exchange or quoted on any quotation system, then the Exercise Price for the Options granted will be determined by the Board at the time of granting;

(c) if an option is granted within 90 days of a distribution by a prospectus by the Company, the exercise price will not be less than the price that is the greater of the Discounted Market Price(as defined in the TSXV policies) and the per Share price paid by public investors for Shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and

(d) in all other cases, the Exercise Price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.

The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 4.9.

4.2 Term of Option. The Board shall establish the Expiry Date for each Option at the time such Option is granted, subject to the following conditions:

(a) the Option will expire upon the occurrence of any event set out in Section 4.8 and at the time period set out therein; and

(b) the Expiry Date cannot be longer than the maximum exercise period as determined by the TSXV Policies, which is currently 10 years.

4.3 Automatic Extension of Term of Option. The Expiry Date will be automatically extended if the Expiry Date falls within a blackout period during which the Company prohibits Optionees from exercising their Options, provided that:

(a) the blackout period has been formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in the policies of the TSXV). For greater certainty, in the absence of the Company formally imposing a blackout period, the expiry date of any options will not be automatically extended in any circumstances;

(b) the blackout period expires upon the general disclosure of the undisclosed Material Information and the expiry date of the affected options is extended to no later than ten (10) business days after the expiry of the blackout period; and

(c) the automatic extension will not be permitted where the Optionee or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company's securities.

4.4 Hold Period.

(a) If required by applicable securities laws, any Optioned Shares will be subject to a hold period expiring on the date that is four months and a day after the Grant Date, and the certificates representing any Optioned Shares issued prior to the expiry of such hold period will bear a legend in substantially the following form:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES REPRESENTED HEREBY MUST NOT TRADE THE SECURITIES BEFORE *[INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DATE OF GRANT]*

(b) If the Exercise Price of any Option granted hereunder is based on the Discounted Market Price (as defined in TSXV Policies) rather than the Market Price (as defined in TSXV Policies), all such Options and any Optioned Shares issuable upon exercise of such Options will be subject to a four month and one day hold period commencing on the Grant Date, and the certificates representing any Optioned Shares issued prior to the expiry of such hold period will bear a legend in substantially the following form:

> "WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT *UNTIL [INSERT THE DATE THAT IS 4 MONTHS AND ONE DAY AFTER THE DATE OF GRANT]*."

4.5 Vesting of Options.

(a) No Option shall be exercisable until it has vested. The Board shall establish a vesting period or periods at the time each Option is granted to Eligible Persons, provided that Options granted to Eligible Persons performing Investor Relations Activities are required to vest in stages over at least 12 months with no more than one quarter of the Options vesting in any three month period.

(b) If no vesting schedule is specified at the time of grant and the Optionee is not performing Investor Relations Activities, the Option shall vest immediately.

4.6 Non Assignable. Subject to Section 4.9(e), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

4.7 Option Amendment.

(a) Exercise Price. The Board may amend the Exercise Price of any Options provided that, subject to Section 4.1, and if the Common Shares are traded on the TSXV, the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of:

(i) the Grant Date;

(ii) the date the Company's shares commenced trading on the TSXV; or

(iii) the date of the last amendment of the Exercise Price.

(b) Disinterested Shareholder Approval. If the Common Shares are listed on the TSXV, any proposed reduction in the exercise price of Options for Optionees that are Insiders will be subject to TSXV Policies, including Disinterested Shareholder Approval.

(c) Term. The term of an Option cannot be extended so that the effective term of the Option exceeds ten (10) years in total, or such other period as prescribed by the TSXV Policies. If the Common Shares are traded on the TSXV, an option must be outstanding for at least one year before the Company can extend its term and the TSXV treats any extension of the length of the term of the Option as a grant of a new Option, which must comply with pricing and other requirements of this Plan.

(d) TSXV Approval. If the Common Shares of the Company are listed on the TSXV, any proposed amendment to the terms of an Option must be approved by the TSXV prior to the exercise of such Option as amended.

4.8 Termination of Option. Unless the Board determines otherwise, the Options will terminate in the following circumstances:

(a) Termination of Services For Cause. If the engagement of the Optionee as a Director, Employee or Consultant is terminated for cause (as determined by common law), any Option granted hereunder to such Optionee shall terminate and cease to be exercisable immediately upon the Optionee ceasing to be a Director, Employee or Consultant by reason of termination for cause.

(b) Termination of Services Without Cause or Upon by Resignation. If the engagement of the Optionee as a Director, Employee or Consultant of the Company is terminated for any reason other than cause (as determined by common law), disability or death, or if such Director, Employee, or Consultant resigns, as the case may be, the Optionee may exercise any Option granted hereunder to the extent that such Option was exercisable and had vested on the date of termination until the date that is the earlier of (i) the Expiry Date, and (ii) the date that is 90 days after the effective date of the Optionee ceasing to be a Director, Employee or Consultant for that other reason.

(c) Termination of Investor Relations Services. If the engagement of the Optionee as a Consultant performing Investor Relations services is terminated for any reason other than cause (as determined by common law), disability or death, the Optionee may exercise any Option granted hereunder to the extent that such Option was exercisable and had vested on the date of termination until the date that is the earlier of (i) the Expiry

Date, and (ii) the date that is 30 days after the effective date of the Optionee ceasing to be a Director, Employee or Consultant for that other reason.

(d) Death. If the Optionee dies, the Optionee's lawful personal representatives, heirs or executors may exercise any Option granted hereunder to the Optionee to the extent such Option was exercisable and had vested on the date of death until the earlier of (i) the Expiry Date, and (ii) one year after the date of death of such Optionee.

(e) Disability. If the Optionee ceases to be an Eligible Person, due to his Disability, or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to an Affiliate of the Company, the Optionee may exercise any Option granted hereunder to the extent that such Option was exercisable and had vested on the Date of Disability until the earlier of (i) the Expiry Date, and (ii) the date that is one year after the Date of Disability.

(f) Changes in Status of Eligible Person. If the Optionee ceases to be one type of Eligible Person but concurrently is or becomes one or more other type of Eligible Person, the Option will not terminate but will continue in full force and effect and the Optionee may exercise the Option until the earlier of (i) the Expiry Date, and (ii) the applicable date set forth in Sections 4.8(a) to 4.8(e) above where the Optionee ceases to be any type of Eligible Person. If the Optionee is an Employee, the Option will not be affected by any change of the Optionee's employment where the Optionee continues to be employed by the Company or an Affiliate of the Company.

4.9 Adjustment of the Number of Optioned Shares. The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

(a) Following the date an Option is granted, the exercise price for and the number of Optioned Shares which are subject to an Option will be adjusted, with respect to the then unexercised portion thereof, in the events and in accordance with the provisions and rules set out in this Section 4.9, with the intent that the rights of Optionees under their Options are, to the extent possible, preserved and maintained notwithstanding the occurrence of such events. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Board, and any such determination will be binding on the Company, the Optionee and all other affected parties.

(b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:

(i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;

(ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and

(iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable, and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.

(c) If the outstanding Common Shares are changed into or exchanged for a different number of shares or into or for other securities of the Company or securities of another Company or entity, in a manner other than as specified in Section 4.9(b), then the Board, in its sole discretion, may make such adjustment to the securities to be issued pursuant to any exercise of the Option and the exercise price to be paid for each such security following such event as the Board in its sole and absolute discretion determines to be equitable to give effect to the principle described in Section 4.9(a), and such adjustments shall be effective and binding upon the Company and the Optionee for all purposes.

(d) No adjustment provided in this Section 4.9 shall require the Company to issue a fractional share and the total adjustment with respect to each Option shall be limited accordingly.

(e) The grant or existence of an Option shall not in any way limit or restrict the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

5. COMMITMENT AND EXERCISE PROCEDURES

5.1 Option Agreement. Upon grant of an Option hereunder, an authorized director or officer of the Company will deliver to the Optionee an Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

5.2 Manner of Exercise. An Optionee who wishes to exercise his Option, in its entirety or any portion thereof, may do so by delivering:

(a) a Notice of Exercise to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and

(b) cash, a certified cheque or a bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

5.3 Subsequent Exercises. If an Optionee exercises only a portion of the total number of his Options, then the Optionee may, from time to time, subsequently exercise all or part of the remaining Options until the Expiry Date.

5.4 Delivery of Certificate and Hold Periods. As soon as practicable after receipt of the Notice of Exercise described in Section 5.2 and payment in full for the Optioned Shares being received by the Company, the Company will or will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws and TSXV Policies.

5.5 Withholding. The Company may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Company to comply with the applicable requirements of any federal, provincial, local or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("**Withholding Obligations**"). The Company may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Company may determine in its discretion, by:

(a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Company may require so that the Company can satisfy such Withholding Obligations including, without limitation, requiring the Optionee to remit to the Company in advance, or reimburse the Company for, any such Withholding Obligations; or

(b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Optioned Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

6. AMENDMENTS

6.1 Amendment of the Plan. The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to shareholder approval, if applicable, and any necessary Regulatory Approvals. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

6.2 Amendment of Outstanding Options. The Board may amend any Option with the consent of the affected Optionee and the TSXV, if required, including any shareholder approval required by the TSXV. For greater certainty, Disinterested Shareholder Approval is required by the TSXV for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

6.3 Amendment Subject to Approval. If the amendment of an Option requires shareholder or Regulatory Approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

7. GENERAL

7.1 Exclusion from Severance Allowance. Retirement Allowance or Termination Settlement. If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Optioned Shares, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

7.2 Employment and Services. Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

7.3 No Rights as Shareholder. Nothing contained in this Plan nor in any Option granted thereunder shall be deemed to give any Optionee any interest or title in or to any Common Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in this Plan and pursuant to the exercise of any Option in accordance with the provisions of the Plan and the Option Agreement.

7.4 No Representation or Warranty. The Company makes no representation or warranty as to the future market value of Optioned Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Optioned Shares issuable thereunder or the tax consequences to a Optionee. Compliance with applicable securities laws as to the disclosure and resale obligations of each Optionee is the responsibility of such Optionee and not the Company.

7.5 Other Arrangements. Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.

7.6 No Fettering of Discretion. The awarding of Options under this Plan is a matter to be determined solely in the discretion of the Board. This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Affiliates other than as specifically provided for in this Plan.

SCHEDULE A
STOCK OPTION AGREEMENT
(NON-INVESTOR RELATIONS)

THIS STOCK OPTION AGREEMENT (this "**Agreement**") is made as of the ____ day of _____________, 20___.

BETWEEN:

PANDA CAPITAL INC., a company having an address at 50 O'Connor Street, 15th Floor, Ottawa, ON K1P 6L2

(the "**Company**")

AND:

♦, of ♦

(the "**Optionee**")

WHEREAS:

A. The Company's board of directors (the "**Board**") has approved and adopted an incentive stock option plan (the "**Plan**") dated for reference February 27, 2017, as may be amended or restated from time to time, whereby the Board is authorized to grant Options (as defined herein) to Eligible Persons to acquire up to a maximum of 10% of the number of issued and outstanding common shares in the capital stock of the Company at the time of grant;

B. The Optionee provides services to the Company as a ♦**[director/officer/consultant]** of ♦**[the Company] OR [a subsidiary of the Company]** (the "**Services**"); and

C. The Company wishes to grant the Options to the Optionee as an incentive for the continued provision of the Services;

THIS AGREEMENT WITNESSES that in consideration of other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged), it is hereby agreed by and between the Company and the Optionee (together, the "**Parties**") as follows:

1. In this Agreement, the following terms shall have the following meanings:

(a) "**Date of Grant**" means the date of this Agreement;

(b) "**Exercise Payment**" means the amount of money equal to the Exercise Price multiplied by the number of Optioned Shares specified in the Notice of Exercise;

(c) "**Exercise Price**" means ♦ per Optioned Share;

(d) "**Expiry Date**" means the date which is ♦ years after the Date of Grant;

(e) "**Notice of Exercise**" means a notice in writing addressed to the Company at its address first recited (or such other address of the Company as may from time to time be notified to the Optionee in writing), substantially in the form attached as Exhibit A1 hereto, which notice shall specify therein the number of Optioned Shares in respect of which the Options are being exercised;

(f) "**Options**" means the irrevocable right and option to purchase, from time to time, all, or any part of the Optioned Shares granted to the Optionee by the Company pursuant to Section 3 of this Agreement;

(g) "**Optioned Shares**" means the Shares subject to the Options;

(h) "**Personal Information**" means any information about the Optionee contained in this Agreement or as required to be disclosed about the Optionee by the Company to the TSXV or any securities regulatory authority for any purpose, including those purposes set out in Exhibit A2 attached hereto.

(i) "**Securities**" means, collectively, the Options and the Optioned Shares;

(j) "**Shareholders**" means holders of record of the Shares; and

(k) "**Shares**" means the common shares in the capital of the Company.

2. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan.

3. The Company hereby grants to the Optionee, subject to the terms and conditions hereinafter set forth, Options to purchase a total of ♦ Optioned Shares at the Exercise Price.

4. Unless accelerated at the discretion of the Board within the rules and regulations of any applicable regulatory bodies, the Options shall vest as follows ♦**[revise as applicable]**:

(a) ♦**[provide]** on the Date of Grant;

(b) ♦**[provide]** on the first anniversary of the Date of Grant; and

(c) ♦**[provide]** on the second anniversary of the Date of Grant.

5. The Options shall, at 5:00 p.m. (Vancouver time) on the Expiry Date, forthwith expire and be of no further force or effect whatsoever.

6. Subject to the provisions hereof, the Options shall be exercisable in whole or in part (at any time and from time to time as aforesaid) by the Optionee or his personal representative giving a Notice of Exercise together with the Exercise Payment by cash, certified cheque or bank draft, made payable to the Company.

7. Upon the exercise of all or any part of the Options and upon receipt by the Company of the Exercise Payment, the Company shall cause to be delivered to the Optionee or his personal representative, within ten (10) days following receipt by the Company of the Notice of Exercise, a certificate in the name of the Optionee or his personal representative representing, in aggregate, the number of Optioned Shares specified in the Notice of Exercise.

8. Nothing in this Agreement shall obligate the Optionee to purchase any Optioned Shares except those Optioned Shares in respect of which the Optionee shall have exercised the Options in the manner provided in this Agreement.

9. The Company agrees that prior to the earlier of the expiration of the Options and the exercise and purchase of the total number of Optioned Shares represented by the Options, there shall be reserved for issuance and delivery upon exercise of the Options such number of the Company's

authorized and unissued Shares as shall be necessary to satisfy the terms and conditions of this Agreement.

10. The Optionee acknowledges, represents and warrants to the Company that:

    (a) the Company has advised the Optionee that the Company is relying on an exemption from the requirements to provide the Optionee with a prospectus under applicable securities legislation and, as a consequence of acquiring the Securities pursuant to this exemption, certain protections, rights and remedies provided by applicable securities legislation, including, in most circumstances, statutory rights of rescission or damages, will not be available to the Optionee; and

    (b) the Optionee is not a U.S. person as such term is defined in Regulation S promulgated under the United States Securities Act of 1933.

11. The Optionee hereby covenants and agrees with the Company that the Optionee will execute and deliver any documents and instruments and provide any information as may be reasonably requested by the Company, from time to time, to establish the availability of exemptions from prospectus requirements and to comply with any applicable securities legislation and TSXV Policies, including without limitation those provisions of any applicable securities legislation and TSXV Policies relating to escrow requirements.

12. The Optionee hereby acknowledges and agrees to the Company making a notation on its records or giving instructions to the registrar and transfer agent of the Company in order to implement the restrictions on transfer set forth and described in this Agreement.

13. Unless the Company permits otherwise, the Optionee shall pay the Company in cash all local, provincial and federal withholding taxes applicable to the grant or exercise of the Options, or the transfer or other disposition of Shares acquired upon exercise of the Options. Any such payment must be made promptly when the amount of such obligation becomes determinable. In addition to any remedies available to the Company under the Plan to comply with Withholding Obligations, the Company may in its discretion sell on the Optionee's behalf, or require the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retain any amount which would otherwise be payable to the Optionee in connection with any such sale.

14. This Agreement shall enure to the benefit of and be binding upon the Company, its successors and assigns, and the Optionee and his personal representative, if applicable.

15. Other than in the event of death of the Optionee in which case the Options may be transferred or assigned by will or by the law governing the devolution of property to the Optionee's executor, administrator or other person representative, this Agreement shall not be transferable or assignable by the Optionee or his personal representative and the Options may be exercised only by the Optionee or his personal representative provided that, subject to the prior approval of the Board and, if necessary, any applicable stock exchange, the Optionee may assign the Options to a company of which all of the voting securities are beneficially owned by the Optionee, which ownership will continue for as long as any portion of the Options remain unexercised.

16. The granting of the Options and the terms and conditions hereof shall be subject to Regulatory Approval as required.

17. The Optionee and the Company represent that the Optionee is a Director, Employee or Consultant of the Company or any Affiliate of the Company or of a company of which all of the voting securities are beneficially owned by one or more of the foregoing.

18. The Optionee represents that he has not been induced to enter into this Agreement by the expectation of employment or continued employment or retention or continued retention by the Company or any Affiliate of the Company.

19. The Options will terminate in accordance with the Plan.

20. The Optionee acknowledges and consents to the fact that the Company is collecting the Optionees' Personal Information for the purposes set out in Exhibit A2 which may be disclosed by the Company to:

    (a) the TSXV or securities regulatory authorities;

    (b) the Company's registrar and transfer agent;

    (c) Canadian tax authorities; and

    (d) authorities pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

    By executing this Agreement, the Optionee is deemed to be consenting to the foregoing collection, use and disclosure of the Optionee's Personal Information and to the retention of such Personal Information for as long as permitted or required by law or business practice. By executing this Agreement, the Optionee hereby consents to the foregoing collection, use and disclosure of the Optionee's Personal Information. The Optionee also consents to the filing of copies of any documents described herein as may be required to be filed with the TSXV or any securities regulatory authority in connection with the grant of the Options. An officer of the Company is available to answer questions about the collection of personal information by the Company.

21. Neither this Agreement nor the Plan confers on the Optionee the right to continue in the employment of or association with the Company or any Affiliate of the Company, nor do they interfere in any way with the right of the Optionee or the Company or any Affiliate of the Company to terminate the Optionee's employment at any time.

22. Reference is made to the Plan for particulars of the rights and obligations of the Optionee and the Company in respect of the terms and conditions on which the Options are granted, all to the same effect as if the provisions of the Plan were set out in this Agreement and to all of which the Optionee assents.

23. The Company will give a copy of the Plan to the Optionee on request.

24. Time is of the essence of this Agreement.

25. The terms of the Options are subject to the provisions of the Plan, as the same may from time to time be amended, and any inconsistencies between this Agreement and the Plan, as the same may be from time to time amended, shall be governed by the provisions of the Plan.

26. If at any time during the term of this Agreement the Parties deem it necessary or expedient to make any alteration or addition to this Agreement, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof and which shall be subject to Regulatory Approval if required.

27. Wherever the plural or masculine are used throughout this Agreement, the same shall be construed as meaning singular or feminine or neuter or the body politic or corporate where the context requires.

28. This Agreement may be executed in several parts in the same form and such parts as so executed shall together constitute one original agreement, and such parts, if more than one, shall be read together and construed as if each of the Parties had executed one copy of this Agreement.

29. Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date first above written.

30. This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction, and shall bind and inure to the benefit of the Parties and their respective successors and assigns.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first set forth above.

PANDA CAPITAL INC.

Per: ______________________________
Authorized Signatory

♦[If the optionee is an individual use this signature block]

WITNESSED BY:)
)
______________________________)
Name)
______________________________)
Address)
______________________________) ______________________________
) ♦
______________________________)
Occupation)

♦[or if a company is the optionee, the following:]

♦

Per: ______________________________
Authorized Signatory

EXHIBIT A1

TO: Panda Capital Inc. (the "**Company**")
50 O'Connor Street, 15th Floor
Ottawa, ON K1P 6L2

NOTICE OF EXERCISE

This Notice of Exercise shall constitute proper notice pursuant to Section 6 of that certain Stock Option Agreement (the "**Agreement**") dated as of the ____ day of ____________, 20___, between the Company and the undersigned.

The undersigned hereby elects to exercise Optionee's option to purchase _________________ common shares of the Company at a price of $_______ per share, for aggregate consideration of $__________, on the terms and conditions set forth in the Agreement and the Plan. Such aggregate consideration, in the form specified in Section 6 of the Agreement, accompanies this notice. The undersigned reconfirms the representations and warranties set out in the Agreement as of the date hereof.

The Optionee hereby directs the Company to issue, register and deliver the certificates representing the shares as follows:

Registration Information:	Delivery Instructions:
Name to appear on certificates	Name
Address	Address
	Telephone Number

DATED at ______________________________, the _______ day of _____________________, _______.

____
Name of Optionee (Please type or print)

____
Signature of Optionee or Authorized Signatory

____
Name and Office of Authorized Signatory

____
Address of Optionee

____
Address of Optionee

____
Facsimile Number

EXHIBIT A2

TSX venture
EXCHANGE

ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as "the Exchange") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

(a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and

(b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

SCHEDULE B
STOCK OPTION AGREEMENT
(INVESTOR RELATIONS)

THIS STOCK OPTION AGREEMENT (this "**Agreement**") is made as of the ____ day of _____________, 20___.

BETWEEN:

PANDA CAPITAL INC., a company having an address at 50 O'Connor Street, 15th Floor, Ottawa, ON K1P 6L2

(the "**Company**")

AND:

♦**,** of ♦

(the "**Optionee**")

WHEREAS:

A. The Company's board of directors (the "**Board**") has approved and adopted an incentive stock option plan (the "**Plan**") dated for reference February 27, 2017, as may be amended or restated from time to time, whereby the Board is authorized to grant Options (as defined herein) to Eligible Persons to acquire up to a maximum of 10% of the number of issued and outstanding common shares in the capital stock of the Company at the time of grant;

B. The Optionee provides investor relations services to the Company as a consultant (the "**Services**"); and

C. The Company wishes to grant the Options to the Optionee as an incentive for the continued provision of the Services;

THIS AGREEMENT WITNESSES that in consideration of other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged), it is hereby agreed by and between the Company and the Optionee (together, the "**Parties**") as follows:

1. In this Agreement, the following terms shall have the following meanings:

(a) "**Date of Grant**" means the date of this Agreement;

(b) "**Exercise Payment**" means the amount of money equal to the Exercise Price multiplied by the number of Optioned Shares specified in the Notice of Exercise;

(c) "**Exercise Price**" means ♦ per Optioned Share;

(d) "**Expiry Date**" means the date which is ♦ years after the Date of Grant;

(e) "**Notice of Exercise**" means a notice in writing addressed to the Company at its address first recited (or such other address of the Company as may from time to time be notified to the Optionee in writing), substantially in the form attached as Exhibit B1 hereto, which notice shall specify therein the number of Optioned Shares in respect of which the Options are being exercised;

(f) "**Options**" means the irrevocable right and option to purchase, from time to time, all, or any part of the Optioned Shares granted to the Optionee by the Company pursuant to Section 3 of this Agreement;

(g) "**Optioned Shares**" means the Shares subject to the Options;

(h) "**Personal Information**" means any information about the Optionee contained in this Agreement or as required to be disclosed about the Optionee by the Company to the TSXV or any securities regulatory authority for any purpose, including those purposes set out in Exhibit B2 attached hereto.

(i) "**Securities**" means, collectively, the Options and the Optioned Shares;

(j) "**Shareholders**" means holders of record of the Shares; and

(k) "**Shares**" means the common shares in the capital of the Company.

2. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan.

3. The Company hereby grants to the Optionee, subject to the terms and conditions hereinafter set forth, Options to purchase a total of ♦ Optioned Shares at the Exercise Price.

4. The Options shall vest as follows **♦[TSXV rules require the options to vest in stages over at least 12 months with no more than one quarter of the options vesting in any 3 month period]**:

(a) **♦[provide]** on the date that is 3 months after the Date of Grant;

(b) **♦[provide]** on the date that is 6 months after the Date of Grant;

(c) **♦[provide]** on the date that is 9 months after the Date of Grant; and

(d) **♦[provide]** on the date that is 12 months after the Date of Grant.

5. The Options shall, at 5:00 p.m. (Vancouver time) on the Expiry Date, forthwith expire and be of no further force or effect whatsoever.

6. Subject to the provisions hereof, the Options shall be exercisable in whole or in part (at any time and from time to time as aforesaid) by the Optionee or his personal representative giving a Notice of Exercise together with the Exercise Payment by cash or by certified cheque, made payable to the Company.

7. Upon the exercise of all or any part of the Options and upon receipt by the Company of the Exercise Payment, the Company shall cause to be delivered to the Optionee or his personal representative, within ten (10) days following receipt by the Company of the Notice of Exercise, a certificate in the name of the Optionee or his personal representative representing, in aggregate, the number of Optioned Shares specified in the Notice of Exercise.

8. Nothing in this Agreement shall obligate the Optionee to purchase any Optioned Shares except those Optioned Shares in respect of which the Optionee shall have exercised the Options in the manner provided in this Agreement.

9. The Company agrees that prior to the earlier of the expiration of the Options and the exercise and purchase of the total number of Optioned Shares represented by the Options, there shall be reserved for issuance and delivery upon exercise of the Options such number of the Company's authorized and unissued Shares as shall be necessary to satisfy the terms and conditions of this Agreement.

10. The Optionee acknowledges, represents and warrants to the Company that:

    (a) the Company has advised the Optionee that the Company is relying on an exemption from the requirements to provide the Optionee with a prospectus under applicable securities legislation and, as a consequence of acquiring the Securities pursuant to this exemption, certain protections, rights and remedies provided by applicable securities legislation, including, in most circumstances, statutory rights of rescission or damages, will not be available to the Optionee; and

    (b) the Optionee is not a U.S. person as such term is defined in Regulation S promulgated under the United States Securities Act of 1933.

11. The Optionee hereby covenants and agrees with the Company that the Optionee will execute and deliver any documents and instruments and provide any information as may be reasonably requested by the Company, from time to time, to establish the availability of exemptions from prospectus requirements and to comply with any applicable securities legislation and TSXV Policies, including without limitation those provisions of any applicable securities legislation and TSXV Policies relating to escrow requirements.

12. The Optionee hereby acknowledges and agrees to the Company making a notation on its records or giving instructions to the registrar and transfer agent of the Company in order to implement the restrictions on transfer set forth and described in this Agreement.

13. Unless the Company permits otherwise, the Optionee shall pay the Company in cash all local, provincial and federal withholding taxes applicable to the grant or exercise of the Options, or the transfer or other disposition of Shares acquired upon exercise of the Options. Any such payment must be made promptly when the amount of such obligation becomes determinable. In addition to any remedies available to the Company under the Plan to comply with Withholding Obligations, the Company may in its discretion sell on the Optionee's behalf, or require the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retain any amount which would otherwise be payable to the Optionee in connection with any such sale.

14. This Agreement shall enure to the benefit of and be binding upon the Company, its successors and assigns, and the Optionee and his personal representative, if applicable.

15. Other than in the event of death of the Optionee in which case the Options may be transferred or assigned by will or by the law governing the devolution of property to the Optionee's executor, administrator or other person representative, this Agreement shall not be transferable or assignable by the Optionee or his personal representative and the Options may be exercised only by the Optionee or his personal representative provided that, subject to the prior approval of the Board and, if necessary, any applicable stock exchange, the Optionee may assign the Options to a company of which all of the voting securities are beneficially owned by the Optionee, which ownership will continue for as long as any portion of the Options remain unexercised.

16. The granting of the Options and the terms and conditions hereof shall be subject to Regulatory Approval as required.

17. The Optionee and the Company represent that the Optionee is a Director, Employee or Consultant of the Company or any Affiliate of the Company or of a company of which all of the voting securities are beneficially owned by one or more of the foregoing.

18. The Optionee represents that he has not been induced to enter into this Agreement by the expectation of employment or continued employment or retention or continued retention by the Company or any Affiliate of the Company.

19. The Options will terminate in accordance with the Plan.

20. The Optionee acknowledges and consents to the fact that the Company is collecting the Optionees' Personal Information for the purposes set out in Exhibit B2 which may be disclosed by the Company to:

    (a) the TSXV or securities regulatory authorities;

    (b) the Company's registrar and transfer agent;

    (c) Canadian tax authorities; and

    (d) authorities pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

    By executing this Agreement, the Optionee is deemed to be consenting to the foregoing collection, use and disclosure of the Optionee's Personal Information and to the retention of such Personal Information for as long as permitted or required by law or business practice. By executing this Agreement, the Optionee hereby consents to the foregoing collection, use and disclosure of the Optionee's Personal Information. The Optionee also consents to the filing of copies of any documents described herein as may be required to be filed with the TSXV or any securities regulatory authority in connection with the grant of the Options. An officer of the Company is available to answer questions about the collection of personal information by the Company.

21. Neither this Agreement nor the Plan confers on the Optionee the right to continue in the employment of or association with the Company or any Affiliate of the Company, nor do they interfere in any way with the right of the Optionee or the Company or any Affiliate of the Company to terminate the Optionee's employment at any time.

22. Reference is made to the Plan for particulars of the rights and obligations of the Optionee and the Company in respect of the terms and conditions on which the Options are granted, all to the same effect as if the provisions of the Plan were set out in this Agreement and to all of which the Optionee assents.

23. The Company will give a copy of the Plan to the Optionee on request.

24. Time is of the essence of this Agreement.

25. The terms of the Options are subject to the provisions of the Plan, as the same may from time to time be amended, and any inconsistencies between this Agreement and the Plan, as the same may be from time to time amended, shall be governed by the provisions of the Plan.

26. If at any time during the term of this Agreement the Parties deem it necessary or expedient to make any alteration or addition to this Agreement, they may do so by means of a written

agreement between them which shall be supplemental hereto and form part hereof and which shall be subject to Regulatory Approval if required.

27. Wherever the plural or masculine are used throughout this Agreement, the same shall be construed as meaning singular or feminine or neuter or the body politic or corporate where the context requires.

28. This Agreement may be executed in several parts in the same form and such parts as so executed shall together constitute one original agreement, and such parts, if more than one, shall be read together and construed as if each of the Parties had executed one copy of this Agreement.

29. Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date first above written.

30. This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction, and shall bind and inure to the benefit of the Parties and their respective successors and assigns.

31. This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction, and shall bind and inure to the benefit of the Parties and their respective successors and assigns.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first set forth above.

PANDA CAPITAL INC.

Per: ______________________________
Authorized Signatory

♦[If the optionee is an individual use this signature block]

WITNESSED BY:)
)
______________________________)
Name)
______________________________)
Address)
______________________________) ______________________________
) ♦
______________________________)
Occupation)

♦[or if a company is the optionee, the following:]

♦

Per: ______________________________
Authorized Signatory

EXHIBIT B1

TO: Panda Capial Inc. (the "**Company**")
50 O'Connor Street, 15th Floor
Ottawa, ON K1P 6L2

NOTICE OF EXERCISE

This Notice of Exercise shall constitute proper notice pursuant to Section 6 of that certain Stock Option Agreement (the "**Agreement**") dated as of the ____ day of ____________, 20___, between the Company and the undersigned.

The undersigned hereby elects to exercise Optionee's option to purchase __________________ common shares of the Company at a price of $_______ per share, for aggregate consideration of $__________, on the terms and conditions set forth in the Agreement and the Plan. Such aggregate consideration, in the form specified in Section 6 of the Agreement, accompanies this notice. The undersigned reconfirms the representations and warranties set out in the Agreement as of the date hereof.

The Optionee hereby directs the Company to issue, register and deliver the certificates representing the shares as follows:

Registration Information:	Delivery Instructions:
Name to appear on certificates	Name
Address	Address
	Telephone Number

DATED at ________________________________, the _______ day of ______________________, _______.

____
Name of Optionee (Please type or print)

____
Signature of Optionee or Authorized Signatory

____
Name and Office of Authorized Signatory

____
Address of Optionee

____
Address of Optionee

____
Facsimile Number

EXHIBIT B2

TSX venture EXCHANGE

ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as "the Exchange") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

(a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and

(b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

SCHEDULE "F"

PANDA CAPITAL INC.

RESTRICTED SHARE UNIT PLAN

1. INTERPRETATION

1.1 Restricted Share Unit Plan

The plan herein described, as it may be amended from time to time, shall be called the "**Restricted Share Unit Plan**" and is referred to herein as the "**Plan**".

1.2 Definitions

For the purposes of the Plan, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings:

"**Account**" means the account set up on behalf of each Participant in accordance with Section 4.1(b);

"**Applicable Law**" means all applicable federal, provincial and foreign laws and any regulations, instruments or orders enacted thereunder, and the rules, regulations and policies of the Stock Exchange;

"**Black Out Period**" means a period when a Participant is prohibited from trading in the Company's securities pursuant to the Company's written policies then applicable or a notice in writing to a Participant by a senior officer or Director of the Company;

"**Board**" means the board of directors of the Company, as constituted from time to time;

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in Ontario or British Columbia;

"**Change in Control**" means:

(i) the successful completion of a take-over bid in respect of the Company,

(ii) the issuance to or acquisition by any person, or group of persons acting jointly or in concert, of (A) more than 50% of the outstanding Shares, or (B) more than 33 and 1/3% of the outstanding Shares and the election or appointment by such person or persons of their nominees as a majority of the Board, or

(iii) the sale of all or substantially all of the assets of the Company;

"**Company**" means Panda Capital Inc. and any successor company thereto;

"**Consultant**" means a consultant (as that term is defined in NI 45-106) of the Company or a related entity;

"**Director**" means a director of the Company or of a Related Entity;

"**Disability**" means that the Participant becomes physically or mentally disabled to such an extent as to make him or her unable to perform his or her duties normally and adequately for a period totalling six months during a period of 12 consecutive months. The Board's determination as to whether or not a Participant has incurred a Disability is final and conclusive and binding on all persons;

"**Eligible Person**" means, at the Grant Date, any Employee, Executive Officer, Director or Consultant of the Company or of a Related Entity, or a Permitted Assign of any such person;

"**Employee**" means an employee of the Company or a Related Entity;

"**Executive Officer**" means an executive officer (as that term is defined in NI 45-106) of the Company or a related entity;

"**Grant Date**" means the effective date on which RSUs are awarded to a Participant in accordance with Section 4.6;

"**Insider**" means:

(i) a Director or senior officer of the Company;

(ii) a Director or senior officer of a company that is an Insider or subsidiary of the Company;

(iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company; and

(iv) the Company itself if it holds any of its own securities;

"**Market Price**" means, with respect to the Shares on a particular date, the price per Share computed on the basis of the closing price of the Shares on the Stock Exchange for the most recent trading day preceding the relevant date, or such other amount as may be determined by the Board at the time of the grant of a RSU;

"**NI 45-106**" means National Instrument 45-106 - Prospectus and Registration Exemptions or any successor instrument adopted from time to time by the Canadian Securities Administrators;

"**Participant**" means an Eligible Person to whom or which RSUs have been granted;

"**Performance Period**" means a period designated by the Board in accordance with Section 3.2 that commences on the designated Grant Date and ends on December 31 of the third calendar year commencing after the Grant Date, or such other date as may be determined by the Board in its sole discretion;

"**Permitted Assign**" has the meaning given to it in NI 45-106;

"**Plan Limit**" means the maximum number of Shares that are issuable under the Plan in accordance with Section 4.2;

"**Regulatory Approval**" means the approval of the Stock Exchange and any other regulatory authority or governmental agency that may have lawful jurisdiction over the Plan and any RSUs issued hereunder, as applicable;

"**Related Entity**" means a "related entity" (as that term is defined in NI 45-106) of the Company;

"**RSU**" means a restricted share unit equivalent to the Market Price of a Share on the date such unit is credited by means of a bookkeeping entry on the books of the Company to a Participant's Account in accordance with the terms and conditions of the Plan;

"**RSU Agreement**" means an agreement, substantially in the form of the agreement set out in Schedule A attached hereto, between the Company and a Participant setting out the terms of the RSUs granted to the Participant;

"**Retirement**" means the termination of employment of a Participant on or after age 65 or any such other age as determined from time to time by the Board;

"**Securities Act**" means the *Securities Act* (British Columbia), as amended from time to time;

"**Share Compensation Arrangement**" means any share option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Executive Officers, Employees or Consultants of the Company;

"**Shareholder Approval**" means approval by the Company shareholders in accordance with the rules of the Stock Exchange;

"**Shares**" means common shares in the capital of the Company;

"**Stock Exchange**" means the TSXV or any other stock exchange on which the Shares are listed for trading at the relevant time, as applicable; and

"**TSXV**" means the TSX Venture Exchange.

1.3 Use of Gender and Number

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

1.4 Governing Law

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

2. ESTABLISHMENT OF THE PLAN

2.1 Establishment and Purpose of the Plan

The purpose of the Plan is to assist and encourage Directors, Executive Officers, Employees and Consultants of the Company and its Related Entities to work towards and participate in the growth and development of the Company and its Related Entities and provide such persons with the opportunity to acquire an ownership interest in the Company.

2.2 Effective Date

The Plan shall be effective as of February 21, 2017, subject to receipt of the Shareholder Approval and the approval of the TSXV.

2.3 Eligibility

RSUs may be granted hereunder to Eligible Persons from time to time by the Board, subject to the limitations set forth herein, but may not be granted when that grant would be prohibited by, or in breach of, Applicable Law or any Black Out Period then in effect.

3. ADMINISTRATION

3.1 Use of Committees

The Board may delegate all or such portion of its powers hereunder as it may determine to a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three members of the Board, either indefinitely or for such period of time as it may specify, and thereafter such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorised so to do. If a committee is appointed for this purpose, all references herein to the Board will be deemed to be references to such committee.

3.2 Authority of the Board

The Board shall be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Subject to the limitations of the Plan, without limiting the generality of the foregoing, the Board has the power and authority to:

(a) determine which Eligible Persons are to be granted RSUs and the number of RSUs to be issued to those Eligible Persons;

(b) determine the terms under which such RSUs are granted, including, without limitation, those related to the Performance Period, vesting and forfeiture;

(c) prescribe the form of RSU Agreement with respect to a particular grant of RSUs;

(d) interpret the Plan and determine all questions arising out of the Plan and any RSUs granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Company and all other affected persons;

(e) prescribe, amend and rescind rules and procedures relating to the Plan;

(f) subject to the provisions of the Plan and subject to such additional limitations and restrictions as the Board may impose, delegate to one or more officers of the Company some or all of its authority under the Plan; and

(g) employ such legal counsel, independent auditors, third party service providers and consultants as it deems desirable for the administration of the Plan, and to rely upon any opinion or computation received therefrom.

The Board’s guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Company and all other persons, including, in particular and without limitation, the Participants.

4. GRANT OF RSUS

4.1 RSU Agreement and Account

(a) Upon the grant of RSUs, the Company will deliver to the applicable Participant an RSU Agreement dated as of the Grant Date, containing the terms of the RSUs and executed by the Company, and upon delivery to the Company of the RSU Agreement executed by the Participant, such Participant will be a participant in the Plan and have the right to receive Shares on the terms set out in the RSU Agreement and in the Plan. Subject to any specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of each RSU Agreement made hereunder.

(b) An account ("**Account**") shall be maintained by the Company for each Participant and will show the RSUs credited to a Participant from time to time.

4.2 Shares Reserved

The maximum number of Shares which may be reserved for issuance under the Plan at any time shall be equal to 3,000,000 Shares, subject to adjustment under Section 6.1 (the "**Plan Limit**") and except as otherwise provided by the Stock Exchange.

4.3 Status of Terminated RSUs

For purposes of determining the number of Shares that remain available for issuance under the Plan, the number of Shares underlying any grants of RSUs that are surrendered, forfeited, waived, repurchased by the Company and/or cancelled shall be added back to the Plan Limit and again be available for future grant, whereas the number of Shares underlying any grants of RSUs that are issued shall not be available for future grant.

4.4 Limitations of RSUs to any One Person and to Insiders

(a) Unless disinterested Shareholder Approval is obtained (or unless permitted otherwise by the rules of the Stock Exchange):

(i) the maximum number of Shares which may be reserved for issuance to Insiders under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued Shares calculated on the Grant Date;

(ii) the maximum number of RSUs that may be granted to Insiders under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 10% of the issued Shares calculated on the Grant Date; and

(iii) the maximum number of RSUs that may be granted to any one Eligible Person under the Plan (and, where permitted under the policies of the Stock Exchange, any companies that are wholly-owned by that Eligible Person), together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 4% of the issued Shares calculated on the Grant Date.

(b) If the Company is subject to the requirements of the TSXV, unless disinterested Shareholder Approval is obtained (or unless permitted otherwise by the rules of the TSXV):

(i) the maximum number of RSUs that may be granted to a Consultant, within a 12-month period, may not result in a number of RSUs exceeding 2% of the number of Shares outstanding at the Grant Date; and

(ii) the aggregate maximum number of RSUs that may be granted to all persons conducting investor relations activities, within a 12-month period, of a number of Shares exceeding an aggregate of 2% of the Shares outstanding on the Grant Date is not permitted.

4.5 Grant and Vesting of RSUs

(a) For each calendar year ending after the effective date of the Plan, the Board may designate one or more Performance Periods under the Plan. In respect of each such designated Performance Period and subject to the terms of the Plan, the Board may from time to time establish the Grant Date and grant to any Eligible Person one or more RSUs as the Board deems appropriate. It shall be the responsibility of the Company and the Eligible Person to ensure that such Eligible Person is a bona fide Eligible Person.

(b) The Board shall make all other determinations with respect to the Performance Period as the Board considers, in its sole discretion, to be necessary or desirable under the Plan, including, without limitation, the date or dates within such Performance Period and such other terms and conditions, if any, on which all or a portion of such RSUs credited to a Participant's Account shall vest (to be set forth in the RSU Agreement), provided that no RSUs may vest when prohibited by or in breach of Applicable Law.

(c) Notwithstanding any other provision of the Plan, the Board may, in its sole and absolute discretion, accelerate and/or waive any vesting or other conditions for all or any RSUs for any Participant at any time and from time to time.

(d) In no circumstances will RSUs credited to a Participant's Account in respect of a Performance Period vest after December 31 of the third calendar year following the Grant Date in respect of such Performance Period.

(e) Any RSUs in respect of a Performance Period that are not vested on or before December 31 of the third calendar year following the Grant Date in respect of such RSUs shall be cancelled and no vesting, payment or issuance shall be made under the Plan in respect of such RSUs.

4.6 Third Party Offer

If an offer to purchase all of the outstanding Shares is made by a third party, the Board may, to the extent permitted by Applicable Law and upon giving each Participant written notice to that effect, effect the acceleration of the vesting of RSUs granted under the Plan. All determinations of the Board under this Section 4.6 will be final, binding and conclusive for all purposes.

4.7 Change in Control

Upon the occurrence of a Change in Control, all the RSUs at that time outstanding but unvested shall automatically and irrevocably become vested in full.

4.8 Delivery of Shares or Cash

(a) Vested RSUs may be redeemed by a Participant, in whole or in part, at any time prior to the end of the Performance Period, subject to Black Out Periods, upon delivery of a Notice of Redemption to the Corporation in the form attached hereto as Schedule B. Upon receipt by the Company of a Notice of Redemption, the Company shall redeem the RSUs required to be redeemed pursuant to the Plan and the Notice of Redemption by issuing from treasury one Share for each full RSU to be redeemed and making a lump sum cash payment in respect of any partial RSU to be redeemed. Notwithstanding the foregoing, at the election of the Participant, the Company may redeem all or part of the vested RSUs subject to a Notice of Redemption by making a lump sum payment in respect of all full and partial RSUs to be redeemed, equal to the amount determined by multiplying the number of RSUs in the Participant's Account that are vested on such vesting date by the Market Price of a Share. Such payment or issuance shall take place no later than the 21st day following receipt of the Notice of Redemption.

(b) Notwithstanding Section 4.8(a), all redemptions under this Section 4.8 in respect of RSUs in Participants' Accounts that have vested in respect of a Performance Period shall be redeemed on or before December 31 of the third calendar year following the end of the year in which such RSUs were awarded pursuant to Section 4.5.

(c) Upon delivery of Shares and/or cash in satisfaction of RSUs, such RSUs shall be cancelled from the Participant's Account.

(d) If the applicable Redemption Date for RSUs occurs during or within 10 Business Days of the expiration of a Black Out Period applicable to such Participant, then the Redemption Date for such RSUs shall be extended to the close of business on the 10th Business Day following the expiration of the Black Out Period.

4.9 Tax and Withholding Tax

Notwithstanding any other provision contained herein, in connection with the exercise of an RSU by a Participant or a Permitted Assign pursuant to Section 4.8(a) hereof, as a condition to such exercise:

(a) the Company shall require such Participant to pay or cause to be paid to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any Applicable Law relating to the withholding of tax or other required deductions in connection with the exercise of such RSUs (the "**Source Deductions**"); or

(b) in the event a Participant does not pay or cause to be paid the amount specified in (i), the Company shall be permitted to engage a broker or other agent on behalf of the Participant or Permitted Assign, at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the exercise of such RSU through the facilities of the Stock Exchange or otherwise as determined by the Board, and to apply the proceeds received on the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of such RSUs.

In addition, the Company shall be entitled to withhold from any amount payable to a Participant, including the exercise of RSUs for a cash payment pursuant to Section 4.8(a) hereof, and either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of any RSU.

4.10 Termination of Employment

Unless otherwise determined by the Board, in its sole discretion, or specified in the applicable RSU Agreement:

(a) upon the voluntary resignation or the termination for cause of a Participant, all of the Participant's RSUs which remain unvested in the Participant's Account shall be forfeited without any entitlement to such Participant. If the Participant has an employment or consulting agreement with the Company, the term "**cause**" shall include any meaning given to that term in the employment or consulting agreement or, if such term is not defined in such agreement, shall mean any ground which would justify the services of the Participant to be terminated without notice or payment in lieu and/or shall have the meaning given to such term under any Applicable Law; and

(b) upon the termination without cause, the Disability, the Retirement or death of a Participant, the Participant or the Participant's beneficiary, as the case may be, shall have a number of RSUs become vested in a linear manner equal to the sum for each grant of RSUs of the original number of RSUs granted multiplied by the number of completed months of employment since the Grant Date divided by the number of months required to achieve the full vesting of such grant of RSUs reduced by the actual number of RSUs, if applicable, that have previously become vested in accordance with the Plan. Such vested RSUs shall be settled in accordance with Section 4.8.

4.11 No Compensation for Cancelled RSUs

Except as expressly permitted by the Board and the Plan, all RSUs will cease to vest as at the date upon which the Participant ceases to be an Eligible Person. Participants will not be entitled to any compensation in respect of any RSUs which had not vested prior to the Participant ceasing to be an Eligible Person. This Section 4.11 applies regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the RSUs to vest with the Participant.

4.12 Non-Transferability of RSUs

Unless the Board determines otherwise in its sole discretion, a Participant may transfer RSUs to a Permitted Assign, provided that the transfer is permitted by, and is effected in accordance with, the then applicable policies of the Stock Exchange. For the avoidance of doubt, if an applicable Stock Exchange so requires, RSUs shall be non-assignable and non-transferrable. Upon any permitted transfer, the transferred RSUs shall be deemed, for purposes of the Plan, to continue to be held by the Participant, and shall continue to be subject to the terms and conditions of the Plan as if the Participant remained the sole holder thereof. The Board may, in its sole discretion, permit transfers of RSUs other than those contemplated by this Section 4.12, subject to Applicable Law and the prior approval of the Stock Exchange, if required.

5. AMENDMENT

5.1 Amendments

(a) The Board reserves the right, in its absolute discretion, to amend, suspend or terminate the Plan, or any portion thereof, at any time without obtaining Shareholder Approval, subject to those provisions of Applicable Law and Regulatory Approval, if any, that require Shareholder Approval. Such amendments may include, without limitation:

(i) minor changes of a "**house-keeping nature**", including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;

(ii) amending RSUs granted under the Plan, including with respect to advancing the date on which any RSU may vest, assignability and the effect of termination of a Participant, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant;

(iii) amendments necessary to comply with the provisions of Applicable Laws or the applicable rules of the Stock Exchange on which the Shares are then listed, including with respect to the treatment of RSUs granted under the Plan;

(iv) amendments respecting the administration of the Plan;

(v) amendments necessary to suspend or terminate the Plan, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant; and

(vi) any other amendment, fundamental or otherwise, not requiring Shareholder Approval under Applicable Law or the applicable rules of the Stock Exchange.

(b) Notwithstanding the foregoing, the Company will be required to obtain (i) Shareholder Approval for any amendment related to the following (provided that such Shareholder Approval is then a requirement of the Stock Exchange):

(i) the eligibility of a Participant in the Plan;

(ii) removing or exceeding the limits on participation in the Plan;

(iii) increasing the Plan Limit; and

(iv) granting additional powers to the Board to amend the Plan without Shareholder Approval.

(c) Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals.

5.2 Termination

The Board may terminate the Plan at any time in its absolute discretion. If the Plan is so terminated, no further RSUs shall be granted, but the RSUs then outstanding shall continue in full force and effect in accordance with the provisions of the Plan. For the purposes of this Section 5.2, an amendment does not include an accelerated expiry of an RSU by reason of the fact that a Director, Executive Officer, Employee or Consultant ceases to be a Participant.

6. ADJUSTMENT TO SHARES

6.1 Adjustments

Appropriate adjustments in the number of Shares subject to the Plan, as regards RSUs granted or to be granted and the number of Shares subject to RSUs, will be conclusively determined by the Board to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital of the Company, or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Shares for securities of another entity. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Board, and any such determination will be binding on the Company, the Participant and all other affected parties.

6.2 Further Adjustments

Subject to Section 6.1 and Applicable Law, if, because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of Shares of the Company for securities of another entity is imminent, the Board may, in a fair and equitable manner, determine the manner in which all unvested RSUs and rights granted under the Plan will be treated, including, without limitation, requiring the acceleration of the time for the vesting of such RSUs and the time for the fulfilment of any conditions or restrictions on such vesting. All determinations of the Board under this Section 6.2 will be final, binding and conclusive for all purposes.

6.3 Limitations

The grant of RSUs under the Plan will in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure, or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets, or engage in any like transaction.

7. GENERAL

7.1 Unfunded and Unsecured Plan

The Plan shall be unfunded and neither the Company nor any of its Related Entities will secure the Company's obligations under the Plan. To the extent any Participant or his estate holds rights by virtue of an award of RSUs under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

7.2 Compliance with Legislation

The Plan, the grant and vesting of RSUs hereunder, and the Company's obligation to sell and deliver Shares upon vesting of RSUs, are subject to Applicable Law and to such Regulatory Approvals as may, in the opinion of counsel to the Company, be required. Each RSU Agreement will contain such provisions as, in the opinion of the Board, are required to ensure that no Shares are issued on the vesting of an RSU unless the issuance of such Shares will be exempt from all registration, qualification and prospectus requirements of applicable securities laws of any jurisdiction and will be permitted under Applicable Law. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue, sell or transfer Shares in violation of Applicable Law or any condition of any Regulatory Approval. No RSU shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or of any Shares under the securities laws of any jurisdiction and any purported grant of any RSU or issue, sale or transfer of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Shares issued and sold to Participants pursuant to the vesting of RSUs may be subject to limitations on sale or resale under Applicable Law. In particular, if required by Applicable Law, an RSU Agreement may provide that Shareholder Approval to the grant of an RSU must be obtained prior to the vesting of the RSU or to the amendment of an RSU Agreement.

7.3 Non-Exclusivity

Nothing contained in the Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining any applicable Regulatory Approval and, if required, Shareholder Approval.

7.4 Employment and Services

Nothing contained in the Plan or in any RSU Agreement will confer upon or imply in favour of any Eligible Person or Participant any right with respect to office, employment or provision of services with the Company or any Related Entity, or interfere in any way with the right of the Company or any Related Entity to lawfully terminate any Eligible Person's or Participant's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Eligible Person will be voluntary.

7.5 Change of Status

Unless otherwise provided for herein or in an RSU Agreement, a change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which an RSU was granted to such Participant will not result in a change in the terms of such RSU, provided that such Participant remains an Eligible Person.

7.6 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the RSUs or the Shares issued or issuable thereunder, or any tax consequences to a Participant. Compliance with Applicable Law as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

7.7 Rights as a Shareholder

Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Shares, any rights as a shareholder of the Company, or any other legal or equitable right against the Company whatsoever other than with respect to Shares issued following the vesting of RSUs.

7.8 Discretion of Board

The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Company or any Related Entity, other than as specifically provided for in the Plan.

7.9 Notices

All communication relating to the Plan shall be in writing and delivered by recognized overnight courier, registered mail, email or other form of electronic correspondence. Except as otherwise provided in any RSU Agreement, all notices to the Company or the Board shall be addressed to the Company at its registered office, Attn: Chief Executive Officer. All notices to Participants, former Participants, beneficiaries or other persons acting for or on behalf of such persons that are not delivered personally to an individual shall be addressed to such person by the Company or its designee at the last address for such person maintained in the records of the Company.

SCHEDULE A

FORM OF RSU AGREEMENT

PANDA CAPITAL INC.

This RSU Agreement is entered into between Panda Capital Inc. (the "**Company**") and the Eligible Person named below, pursuant to the Company's Restricted Share Unit Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

1. ____________________________ (the "**Grant Date**"),

2. ____________________________ (the "**Participant**")

3. was granted ___________ Restricted Share Units ("**RSUs**"), in accordance with the terms of the Plan, and that

4. these RSUs will vest as follows:

Number of RSUs	**Vested On**
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

all on the terms and subject to the conditions set out in the Plan.

The performance period for this grant of RSUs commences on the Grant Date and ends at the close of business on December 31, [year] (the "**Performance Period**").

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

By signing this agreement, the Participant acknowledges and agrees that:

(a) the Participant has read and understands the Plan and agrees with the terms and conditions thereof, which shall be deemed to be incorporated into and form part of this RSU Agreement (subject to any specific variations contained in this RSU Agreement);

(b) the Participant is liable for income and/or withholding taxes when RSUs are paid in cash in accordance with the terms of the Plan. Payments from the Plan shall be net of applicable source deductions, and **that the Company is making no representation to the Participant regarding taxes applicable to the Participant under the Plan and the Participant will confirm the tax treatment with the Participant's own tax advisor**;

(c) no funds will be set aside to guarantee the payment of RSUs. Future payments from the Plan are an unfunded liability recorded on the books of the Company. Any rights under the Plan by virtue of a grant of RSUs shall be no greater than the rights of an unsecured creditor.

(d) the RSUs do not carry any voting rights;

(e) the value of the RSUs is denominated in Canadian dollars, and such value is not guaranteed;

(f) the value of an RSU upon delivery is subject to stock market fluctuations;

(g) if the Participant ceases to be an Eligible Person, the Participant will forfeit any RSUs which have not yet vested, as described in the Plan; and

(h) at the sole discretion of the board of directors of the Company (the "**Board**"), the Plan can be administered by a designee of the Board by virtue of Section 3.1 of the Plan, and any communication from or to the designee shall be deemed to be from or to the Company.

IN WITNESS WHEREOF, the Company and the Participant have executed this RSU Agreement as of ______________________, 2017.

PANDA CAPITAL INC.

Per: ______________________________
Authorized Signatory

If the Participant is an individual:

EXECUTED by ♦**[NAME OF PARTICIPANT]** in the presence of:	)	
______________________________ Signature	)	
______________________________ Print Name	)	______________________________ ♦**[NAME OF PARTICIPANT]**
______________________________ Address	)	
______________________________	)	
______________________________ Occupation	)	

If the Participant is not an individual:

♦**[NAME OF PARTICIPANT]**

Per: ______________________________
Authorized Signatory

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Company within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your RSUs.

SCHEDULE B

NOTICE OF REDEMPTION

This Notice of Redemption is made in reference to the Restricted Share Unit Plan (the "**Plan**") of Panda Capital Inc. Capitalized terms used but not defined herein have the meaning given thereto in the Plan.

Participant Information:

Name: ______________________________

Address: ______________________________

____

Telephone Number: ______________________________

RSU Information:

Date of Grant: ______________________________

# of RSUs to be redeemed for Shares: ______________________________

# of RSUs to be redeemed for cash: ______________________________

Registration:

The Shares issued in settlement of the vested RSUs, if any, are to be registered in the name of the undersigned and are to be delivered, as directed below:

Name: ______________________________

Address: ______________________________

Acknowledgment:

1. This Notice of Redemption is subject to the terms and conditions of the Plan.

2. RSUs exercised pursuant to this Notice of Redemption will be priced at the Market Price (as defined in the Plan).

______________________________ Date

______________________________ Name of Participant

______________________________ Signature of Participant or Authorized Signatory