



CSE Form 2A – Listing Statement

Dated as of January 26, 2017

Table of Contents

TABLE OF CONTENTS	1
EXPLANATORY NOTES	3
FORWARD-LOOKING INFORMATION	3
1. INTERPRETATION	4
2. CORPORATE STRUCTURE.....	12
3. GENERAL DEVELOPMENT OF THE BUSINESS.....	14
4. NARRATIVE DESCRIPTION OF THE BUSINESS.....	31
<i>Principal Purpose of Funds</i>	<i>40</i>
<i>Short Term Objectives / Execution Plan</i>	<i>41</i>
<i>Long Term</i>	<i>41</i>
5. SELECTED FINANCIAL INFORMATION	42
<i>BCC.....</i>	<i>42</i>
<i>S8 Companies.....</i>	<i>43</i>
<i>Summary Pro Forma Financial Information of the Corporation following the AZ Acquisition.....</i>	<i>44</i>
<i>BCC.....</i>	<i>45</i>
<i>S8 Companies.....</i>	<i>46</i>
6. MANAGEMENT'S DISCUSSION AND ANALYSIS.....	47
<i>BCC.....</i>	<i>47</i>
<i>S8 Companies.....</i>	<i>47</i>
<i>BCC.....</i>	<i>47</i>
<i>S8 Companies.....</i>	<i>47</i>
7. MARKET FOR SECURITIES	47
8. CONSOLIDATED CAPITALIZATION	48
9. OPTIONS TO PURCHASE SECURITIES.....	51
10. DESCRIPTION OF THE SECURITIES	52
<i>Authorized and Issued Capital.....</i>	<i>52</i>
<i>Fully Diluted Capital</i>	<i>52</i>
<i>Description of Common Shares.....</i>	<i>52</i>
<i>Warrants.....</i>	<i>53</i>
<i>Convertible Debentures.....</i>	<i>54</i>
<i>Common Shares</i>	<i>55</i>
11. ESCROWED SECURITIES	57
12. PRINCIPAL SHAREHOLDERS	57
13. DIRECTORS AND OFFICERS	57
<i>Audit Committee.....</i>	<i>60</i>
<i>Compensation Committee</i>	<i>60</i>
<i>Corporate Governance and Nominating Committee.....</i>	<i>60</i>
14. CAPITALIZATION.....	66
15. EXECUTIVE COMPENSATION	70
16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	70
17. RISK FACTORS	70
18. PROMOTERS	84
19. LEGAL PROCEEDINGS.....	84
20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	84
21. AUDITORS, TRANSFER AGENTS AND REGISTRARS	84
22. MATERIAL CONTRACTS.....	85
23. INTEREST OF EXPERTS.....	90
24. OTHER MATERIAL FACTS	90

25. FINANCIAL STATEMENTS.....	90
CERTIFICATE OF THE CANADIAN BIOCEUTICAL CORPORATION	91
SCHEDULE “A” – BCC FINANCIAL STATEMENTS	A-1
SCHEDULE “B” – BCC MANAGEMENT’S DISCUSSION AND ANALYSIS.....	B-1
SCHEDULE “C” – S8 COMPANIES FINANCIAL STATEMENTS	C-1
SCHEDULE “D” – S8 COMPANIES MANAGEMENT’S DISCUSSION AND ANALYSIS	D-1
SCHEDULE “E” – PRO FORMA FINANCIAL STATEMENTS.....	E-1
SCHEDULE “F” – STATEMENT OF EXECUTIVE COMPENSATION.....	F-1

Explanatory Notes

Unless otherwise indicated or the context otherwise indicates, in this document, “BCC” or the “Corporation” refers to The Canadian Bioceutical Corporation, “CGX” refers CGX Life Sciences Inc., a wholly-owned subsidiary of BCC, the “H4L Companies” refers to H4L Management East LLC and H4L Management North LLC, each a wholly-owned subsidiary of CGX, the “S8 Companies” refers to S8 Industries LLC, S8 Management LLC, S8 Rental LLC and S8 Transportation LLC, each a wholly-owned subsidiary of CGX, and the “BCC Corporate Group” refers to BCC and its subsidiaries, including CGX, on a consolidated basis.

Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

Forward-Looking Information

Certain statements contained in this Listing Statement constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “projection”, “should”, “believe”, “budget”, “plan”, “potential”, “intend” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although management of the Corporation believes that the expectations reflected in such forward-looking statements are reasonable and represent the Corporation’s expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Corporation’s actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, in addition to those factors discussed or referenced in Item 17 – *Risk Factors*. These factors should not be considered exhaustive. Many of these risk factors are beyond the Corporation’s control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent, and management’s future course of action depends upon our assessment of all information available at that time.

The forward-looking statements made herein relate only to events or information as of the date of this Listing Statement and are expressly qualified by this cautionary statement. Except as required by law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The Corporation may, from time to time, provide oral forward-looking information or statements. The Corporation advises that the above paragraph and the risk factors described in this Listing Statement and in the Corporation’s other documents filed with the Canadian securities commissions should be read for a description of certain risks, uncertainties and factors that could cause the actual results, performance, events or achievements of the Corporation to materially differ from those in the oral forward-looking information and statements. The Corporation disclaims any intention or obligation to update or revise any oral or written forward-looking information and statements whether as a result of new information, future events or otherwise, except as required by applicable law.

1. Interpretation

Whenever used in this Listing Statement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings, respectively:

“2014 Warrants” means the Warrants issued on December 15, 2014 pursuant to a non-brokered private placement with each Warrant comprising part of a unit and currently exercisable at a price of \$0.10 per Common Share until December 15, 2017;

“2015 Warrants” means the Warrants issued on March 23, 2015 pursuant to a debt conversion with each Warrant comprising part of a unit that were exercisable at a price of \$0.275 per Common Share until January 15, 2016;

“2016 Debenture Warrants” means the Warrants issued on April 4, 2016 (first tranche) and June 7, 2016 (second and final tranche), as the case may be, pursuant to a non-brokered private placement of convertible debentures with each Warrant, comprising part of a unit issuable upon conversion of the debentures, at an exercise price of either: (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65, for a period of thirty-six (36) months from the date of issue, being April 4, 2019 (first tranche) and June 7, 2019 (second and final tranche), as the case may be;

“ADHS” means Arizona Department of Health Services;

“Allegiance” means the Corporation, prior to December 5, 2014;

“AMMA” means *Arizona Medical Marijuana Act, A.R.S. Title 36, Section 28.1*;

“AMMP” means Arizona Medical Marijuana Program;

“Audit Committee” means the audit committee of the BCC Board;

“AZ Acquisition” means the acquisition by CGX and BCC of the Membership Interests, debts of the H4L Companies and S8 Companies and every other debt or liability owed to Stavola by any of the H4L Companies or S8 Companies;

“AZ Business” means the group of Arizona incorporated entities involved in providing real estate rental, administrative, general management and advisory services, financing and logistics to medical marijuana businesses licensed under the provisions of the AMMA and provide material support and exerts considerable influence and control over not-for-profit licensees, being HFL and Soothing Options, which directly own, possess or sell marijuana or any marijuana-infused products;

“AZ Companies” means the S8 Companies and the H4L Companies, collectively;

“AZ LOI” means the letter of intent dated January 22, 2016 executed by BCC, Elizabeth M. Stavola and John Stavola;

“AZ Offer” means the offer dated September 7, 2016 by the Corporation accepted by Stavola and the Trust to acquire all of the Membership Interests of the H4L Companies and S8 Companies;

“AZ Promissory Note” means a promissory note in the principal amount of US\$10,000,000 payable by CGX to the Sellers with a three (3) year term bearing interest at the rate of eight percent (8%) per annum and secured by the Security Interests;

“AZ Purchase Agreement” means the purchase agreement dated effective January 1, 2017 between the Trust, Stavola, BCC and CGX;

“BCC” or the **“Corporation”** means The Canadian Bioceutical Corporation;

“BCC Board” means the board of directors of the Corporation;

“BCC Corporate Group” means BCC and its subsidiaries, including CGX, on a consolidated basis;

“BIA” means the *Bankruptcy and Insolvency Act* (Canada);

“Biocannabis” means Biocannabis Products Ltd., a corporation incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of BCC;

“Business” means the business of, among other things, providing administrative, operational, advisory and management services related to: (i) marijuana dispensary, cultivation and processing, facility design, and consultation, improvements and operations; (ii) financial management of dispensary, cultivation and processing, faculties and operations; (iii) logistics, management, product procurement and product inventory management; (iv) the selection, negotiation and other assistance in connection with the procurement of third-party products and services used in dispensary, cultivation and processing operations; (v) engaging, training, managing and evaluating personnel and contractors for dispensary, cultivation and processing facility operations; and (vi) all aspects of the management, administration and operation of medical marijuana dispensary, cultivation and processing facilities;

“Caldic” means Caldic Canada Inc. (formerly known as Nealanders International Inc.);

“Caregiver” means individuals (other than a patient’s attending physician) who are at least 21 years old and are responsible for managing the well-being of a Patient;

“CBD” means Cannabidiol;

“CGX” means CGX Life Sciences Inc., a corporation incorporated under the laws of the State of Nevada and a wholly-owned subsidiary of BCC;

“CGX Acquisition” means the acquisition by Allegiance of all of the issued and outstanding shares of CGX (other than those shares held by Allegiance) pursuant to the terms and conditions of the CGX Acquisition Agreement;

“CGX Acquisition Agreement” means the share purchase agreement dated October 28, 2014 between and among CGX, the CGX Shareholders and Allegiance;

“CGX Licence Agreement” means the exclusive license agreement dated September 17, 2013, between Allegiance and CGX for its proprietary dry powder formulation CinG-X™;

“CGX LOI” means a non-binding letter of intent dated July 10, 2014 between and among Allegiance, CGX and all of the CGX Shareholders to acquire all of the outstanding securities of CGX in exchange for Common Shares;

“CGX Payment Shares” means the of 9,001,000 Common Shares to the CGX shareholders pursuant to the CGX Acquisition Agreement;

“CGX Purchased Shares” means the 9,001,000 issued and outstanding common shares in the capital of CGX, being all of the issued and outstanding shares of CGX, other than those shares held by Allegiance;

“CGX Shareholders” means the shareholders of CGX prior to the CGX Acquisition;

“Chrystal Capital” means Chrystal Capital Partners LLP;

“CinG-X” means The CinG-X Corporation, a corporation incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of CGX;

“CinG-X America” means The CinG-X Corporation of America, a corporation incorporated under the laws of the State of Nevada and a wholly-owned subsidiary of CGX;

“CO₂” means carbon dioxide;

“Collateral” means all of the assets of the AZ Companies, including a first priority mortgage on all real property owned by the S8 Companies and the H4L Companies pursuant to the Security Agreement;

“Collins Barrow” means Collins Barrow Toronto LLP, Chartered Professional Accountants, the auditors of the Corporation and the S8 Companies;

“Common Shares” means the common shares in the capital of the Corporation or Allegiance, as applicable;

“Compensation Committee” means the compensation committee of the BCC Board;

“Computershare” means Computershare Investor Services Inc., the registrar and transfer agent of the Corporation;

“Concurrent Financing” means the private placement of 177,409,011 Common Shares at a price of \$0.20 per Common Share for aggregate gross proceeds of US\$27,033,759.33. The Corporation determined the number of Common Shares issuable pursuant to this Concurrent Financing by deeming the United States dollar / Canadian dollar currency conversion rate as 1.3125 Canadian dollars for each US\$1.00 resulting in approximately \$35,481,809.12 for the US\$27,033,759.33 aggregate gross proceeds raised pursuant to this financing;

“Corporate Governance and Nominating Committee” means the corporate governance and nominating committee of the BCC Board;

“CPAB” means Canadian Public Accountability Board;

“**CSA**” means the U.S. Controlled Substance Act;

“**CSE**” or the “**Exchange**” means Canadian Securities Exchange;

“**CSE Policy 2**” means CSE Policy 2 – *Qualification for Listing*;

“**Current Boyes Employment Agreement**” means the executive employment agreement dated December 1, 2016 between the Corporation and W. Scott Boyes;

“**Debentures**” means the unsecured convertible debentures in the aggregate principal amount of £60,000 (\$110,278.50) issued by the Corporation in two (2) tranches on April 4, 2016 and June 7, 2016 bearing interest at the rate of 6% per annum, calculated and paid annually and maturing three (3) years from the date of issuance;

“**Diadem**” means Diadem Resources Limited;

“**Eligible Persons**” means those persons eligible to receive stock options pursuant to the stock option plan of the Corporation to purchase Common Shares of the Corporation, including directors, officers, employees, consultants and investor relations advisors of the Corporation;

“**EuroAg**” means EuroAg Corporation;

“**Falcon Field**” means Falcon Field Business Park, L.L.C.;

“**FertaMax**” means that over-the-counter brand that is a nutritional supplement (in caplet form) which is designed for adults for the purpose of boosting their health and optimizing their chances to both conceive children and also maximize their chances of having a healthy baby and FertaMax is also designed help to keep mothers' bodies healthy during pregnancy and assist their bodies to recover after giving birth;

“**FertaMax Agreement**” means that Asset Purchase and Sale Agreement, dated April 7, 2015, between True Brands Inc. (a private Ontario corporation) and CGX, whereby CGX acquired all of the assets relating to FertaMax from True Brands Inc.;

“**GLC**” means 1588169 Ontario Inc. o/a as Greenlight Capital;

“**Governmental Entity**” means any government, parliament, legislature, regulatory authority, governmental department, agency, commission, board, tribunal, crown corporation, court or other law, rule or regulation-making entity having jurisdiction or exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any federation or nation, or any province, territory, state or other subdivision thereof or any municipality, district or other subdivision thereof, including, for greater certainty and without limitation, any Securities Authorities;

“**H4L Companies**” means H4L Management East and H4L Management North, collectively;

“**HFL Lease**” means the triple-net lease agreement dated November 13, 2013 between S8 Rental and HFL to occupy approximately 13,812 square feet located at 7343 89th Place, Mesa, Arizona;

“**H4L Management East**” means H4L Management East LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“H4L Management North” means H4L Management North LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“HFL Management Services Agreement” means the management services agreement dated January 19, 2017 between S8 Management and HFL whereby S8 Management is providing the Management Services to HFL;

“H4L Membership Interests” means the membership interests in the H4L Companies owned by Stavola, being the only ownership interests of each of the H4L Companies which were outstanding prior to the completion of the AZ Acquisition;

“HFL” means Health for Life, Inc., an Arizona not for profit corporation;

“HFL Board” means the board of directors of HFL;

“HFL License” means the Arizona Department of Health Services has awarded to HFL a Medical Marijuana Dispensary Certificate Number 00000093DCTJ00667966;

“HFL Note” means the promissory note dated May 19, 2014 in the principal amount of \$1,943,595 and payable to S8 Industries by HFL;

“IFRS” means the International Financial Reporting Standards;

“IP” means proprietary intellectual property;

“Licenses” means the HFL License and the Soothing Options License;

“Listing Date” means the date that the Common Shares commence trading on the Exchange;

“Management Services” means provide all management services typically required by a dispensary and cultivation facility of similar type and size, including but not limited to, all staffing, materials, equipment, logistical support, accounting and other administrative functions, contractor selection, advisory services and any other requirements essential to the successful operation of HFL and Soothing Operations;

“Marijuana” means medical marijuana;

“Marijuana Products” means edible and non-edible products which contain Marijuana;

“MD&A” means Management Discussion and Analysis;

“Membership Interests” means the H4L Membership Interests and S8 Membership Interests, collectively;

“Mistango” means Mistango River Resources Inc.;

“MME” means medical marijuana enterprises;

“MPX” means Melting Point Extracts;

“Net Revenue” means the gross revenues from HFL’s or Soothing Options’ business and operations, as applicable, less a five percent (5.0%) management fee payable monthly to S8 Management to compensate for accounting, executive management, and governance functions which will be provided by S8 Management and less all operating expenses, including costs of goods, base rent, interest, Arizona sales tax and state applications fees, and related state fees associated with the operations of HFL or Soothing Options, as applicable;

“Nevada Businesses” means the GreenMart of Nevada, LLC, GreenMart of NLV LLC, Lucky Kitchen Edibles LLC and any other entities of the Sellers which, at the time of the exercise of the NV Purchaser’s Option, are involved in the marijuana business in Nevada;

“NI 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“NP 46-201” means National Policy 46-201 – *Escrow for Initial Public Offerings*;

“NPO” means a not-for-profit licensee;

“NV LOI” means the letter of intent dated August 10, 2015 to acquire a Las Vegas-based MME which has been granted a provisional cultivation license and a provisional production license by the Nevada’s Division of Public and Behavioural Health;

“NV Purchaser’s Option” means the option granted by the Sellers to BCC to acquire all of the Sellers’ interests, issued and outstanding shares and/or units, as the case may be, in the Nevada Businesses;

“OBCA” means the *Business Corporations Act* (Ontario);

“OTC” means the marketplace of the OTC Market Groups Inc. on which the Common Shares are quoted and trading;

“Patients” means individuals who have been issued a medical marijuana card by the ADHS, entitling them to legally possess and cultivate cannabis, subject to certain limitations;

“Periscope” means Periscope Investments Limited;

“Permits” means in respect of one of BCC, CGX or the Sellers, all permits, licenses, variances, exemptions, orders and approvals of all Governmental Entities necessary for the lawful conduct of the respective businesses of the Party or any of Subsidiaries of any of them;

“Person” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, government or governmental agency, department or instrumentality, or any group or combination thereof;

“Prime Pharmaceutical” means Prime Pharmaceutical Corporation, a corporation incorporated under the laws of the Province of Ontario of which BCC hold a 37.4% equity interest;

“Proposal” means the proposal made by Mistango under the BIA with the Official Receiver on June 5, 2009 (including minor amendment made on July 20, 2009);

“PTSD” means post-traumatic stress disorder;

“**RIL**” means Roto-Gro International Limited;

“**RIL Cooperation Agreement**” means the cooperation agreement dated June 16, 2015 between the Corporation and RIL whereby the Corporation will acquire no less than 60 Advanced Model 420 Roto-Grow rotary hydroponic garden systems which have been specially adapted for the commercial production of medical cannabis;

“**ROFR**” has the meaning ascribed to such term in Section 3.2 – *General Development of the Business – Significant Acquisitions*;

“**S8 Companies**” means S8 Industries, S8 Management, S8 Rental and S8 Transportation;

“**S8 Industries**” means S8 Industries LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“**S8 Management**” means S8 Management, LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“**S8 Membership Interests**” means the membership interests in the S8 Companies owned by the Trust, being the only ownership interests of each of the S8 Company which were outstanding prior to the completion of the AZ Acquisition;

“**S8 Rental**” means S8 Rental, LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“**S8 Transportation**” means S8 Transportation, LLC, a limited liability company formed under the laws of the State of Arizona and a wholly-owned subsidiary of CGX;

“**Securities Authorities**” means the Exchange and any applicable securities commissions or similar regulatory authorities in Canada and each of the provinces and territories thereof and, if applicable, in the United States and each of the states thereof;

“**Security Agreement**” means the security agreement dated January 19, 2017 whereby the Corporation and CGX granted a security interest in favour of the Trust over the Collateral;

“**Sellers**” means Stavola and the Trust;

“**Soothing Options**” means Soothing Options Inc., an Arizona not for profit corporation;

“**Soothing Options Business**” means the cultivation, harvesting, sale and dispensing of Marijuana as well as the production, preparation, sale and dispensing of Marijuana Products for sale at Soothing Options Dispensary or to any other duly licensed medical marijuana dispensary in the State of Arizona;

“**Soothing Options Lease**” means the industrial gross lease agreement dated April 24, 2013 between Soothing Options and Falcon Field to occupy 3321 North Reseda Circle, Suite 50 and 61, Mesa, Arizona;

“**Soothing Options License**” means a Medical Marijuana Dispensary Certificate Number 0000094DCTJ00667966;

“Soothing Options Management Services Agreement” means the management services agreement dated January 19, 2017 between S8 Management and Soothing Options whereby S8 Management is providing the Management Services to Soothing Options;

“Soothing Options Note” means the promissory note dated May 19, 2014 in the principal amount of \$673,631 and payable to S8 Industries by Soothing Options;

“Stafford Employment Agreement” means the executive employment agreement dated December 1, 2016 between the Corporation and Randall G. Stafford;

“Stavola” means Elizabeth M. Stavola;

“Stavola Compensation Shares” means Common Shares issuable to Stavola by the Corporation annually in an amount equal to US\$125,000 of the value of Common Shares per year;

“Stavola Employment Agreement” means the executive employment agreement dated January 19, 2017 between Stavola, CGX and BCC;

“Subsidiary” means, with respect to a specified body corporate, a body corporate, partnership or joint venture of which more than 50% of the outstanding shares or other voting interests or rights ordinarily entitled to elect a majority of the directors or otherwise direct the management thereof, whether or not shares or interests or rights of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency, are at the time owned, directly or indirectly, or controlled by such specified body corporate, and includes a body corporate, partnership or joint venture in like relation to a subsidiary;

“THC” means tetrahydrocannabinol;

“Transactions” means the AZ Acquisition and the Concurrent Financing;

“Trim” means small leaves and stem materials from the cannabis plant that are trimmed from the cannabis flower;

“Trust” means Christine Flores and Lonnie E. Davis, co-trustees of the Elizabeth Stavola 2016 NV Irrevocable Trust dated April 21, 2016;

“TSXV” means the TSX Venture Exchange;

“Vendors” means Stavola and the Trust;

“WI Consulting Agreement” means the consultancy services agreement, dated September 1, 2016, between BCC, Walmer Capital Limited and Island Investments Holdings Limited; and

“Warrants” means common share purchase warrants.

2. Corporate Structure

2.1 Name and Address

The full corporate name of the issuer is The Canadian Bioceutical Corporation (“**BCC**” or the “**Corporation**”).

The registered and head office of BCC is located at 477 Mount Pleasant Road, Suite 110, Toronto, Ontario M4S 2L9.

2.2 Incorporation

BCC was incorporated under the name “S.I.S. Resources Corporation” pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”) on April 2, 1974.

Pursuant to Articles of Amendment dated January 12, 1981, BCC: (1) consolidated the 950,006 issued and 2,049,994 unissued shares of BCC into 190,001.2 issued and 409,998.8 unissued shares, respectively; (2) increased the authorized capital of BCC by creating an additional 4,400,000 Common Shares (as defined below) so that following the consolidation and increase, the authorized capital of BCC will consist of 5,000,000 common shares of which 190,001.2 common shares were issued and outstanding; (3) extended the objects of BCC; and (4) changed the name of BCC to S.I.S. Explorations Corporation.

Pursuant to Articles of Amendment dated October 29, 1981, BCC increased the authorized capital of BCC by creating an additional 15,000,000 common shares so that following the consolidation and increase, the authorized capital of BCC will consist of 20,000,000 common shares of which 2,815,001.2 common shares were issued and outstanding.

Pursuant to Articles of Amendment dated May 9, 1986, BCC: (1) deleted all of the objects of BCC and removing any restrictions upon the business(es) that BCC may carry on or upon the powers that BCC may exercise and thereafter declaring that there are no restrictions on the business that BCC may carry on or the powers of BCC may exercise; (2) provided that the classes and any maximum number of shares that BCC is authorized to issue shall be an unlimited number of common shares without nominal or par value; (3) determined that the number of directors of BCC shall be a minimum of three (3) and a maximum of nine (9); (4) set the number of directors of BCC and the number of directors of BCC to be elected at each annual meeting of shareholders shall be fixed at eight (8) until changed by the board of directors (the “**BCC Board**”); and (5) authorized the directors to determine by resolution the number of directors of BCC at each annual meeting of shareholders.

Pursuant to Articles of Amendment dated June 25, 1987, BCC: (1) consolidated the 5,615,001 issued Common Shares on the basis of one (1) common share for every four (4) common shares held, into 1,403,750 issued and outstanding in the capital of BCC; and (2) change its name Allegiance Equity Corporation.

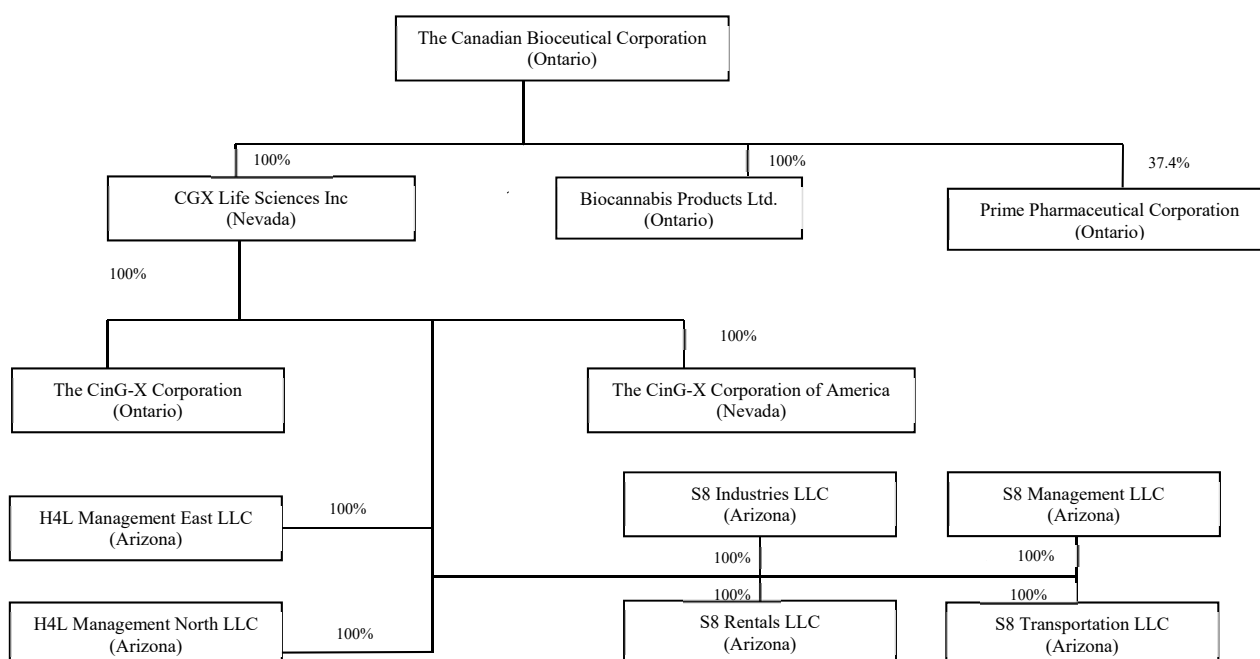
Pursuant to Articles of Amendment dated November 27, 1997, BCC: (1) subdivided all of the Common Shares into no more than 3,772,488 fully paid and assessable Common Shares on the basis of 2.5 new common shares into one old common share.

Pursuant to Articles of Amendment dated December 5, 2014, BCC changed its name to “The Canadian Bioceutical Corporation.”

The Corporation's principal business is, *inter alia*, to provide administrative, operational, advisory and management services related to: (i) marijuana dispensary, cultivation and processing, facility design, and consultation, improvements and operations; (ii) financial management of dispensary, cultivation and processing, facilities and operations; (iii) logistics, management, product procurement and product inventory management; (iv) the selection, negotiation and other assistance in connection with the procurement of third-party products and services used in dispensary, cultivation and processing operations; (v) engaging, training, managing and evaluating personnel and contractors for dispensary, cultivation and processing facility operations; and (vi) all aspects of the management, administration and operation of medical marijuana dispensary, cultivation and processing facilities (the "**Business**").

2.3 Intercorporate Relationships

The Corporation's corporate structure, its material subsidiaries, the percentage ownership in its subsidiaries and the jurisdiction of incorporation of such corporations are set out in the following chart.



2.4 Fundamental Change or Proposed Acquisition

The Corporation is not requalifying in this Listing Statement.

2.5 Non-Corporate Issuers and Issuer Incorporated Outside of Canada

This Section is not applicable to the Corporation as it is an Ontario company.

3. General Development of the Business

3.1 General Development

License Agreement with CGX

On September 17, 2013, Allegiance announced that it had executed an exclusive license agreement (the “**CGX License Agreement**”) with CGX Life Sciences Inc. (“**CGX**”) for its proprietary dry powder formulation CinG-X™. The License Agreement provides CGX with the right to distribute CinG-X™ and in capsule and tablet form, and as a food additive, into the North America marketplace through wholesale and retail channels, including, 1-800, and website marketing.

The License Agreement, among other things, provides for an initial five year term with automatic renewals, an upfront fee to Allegiance paid in common shares of CGX representing approximately 8% of the issued capital of CGX, minimum royalties payable on March 31st of each year and computed on gross revenue and an one-time milestone payment.

Royalty payments were scheduled to commence in early 2014 and are on a sliding scale ranging, in general, from 7% to 15% of gross revenue and commenced on or about March 31, 2014.

Additionally, Allegiance continued to receive its royalty from Caldic Canada Inc. (formerly known as Nealanders International Inc.) (“**Caldic**”) on each kilo of CinG-X™ powder sold to CGX.

Further to the entering into of the CGX License Agreement, Allegiance sold its 25% interest in The CinG-X Corporation (“**CinG-X**”) to CGX in exchange for \$37,500. CGX, through concurrent negotiations with the other shareholders, has acquired 100% of the shares of CinG-X and it will continue to be the marketing entity for CinG-X™ in Canada.

On December 2, 2013, Allegiance announced that CGX placed its first order for CinG-X™ dry powder.

Sufficient product was ordered to produce an inventory in excess of 10,000 bottles for the 1-800 and internet launch scheduled for January, 2014 as well as the commencement of royalty payments due from Caldic on each kilo of CinG-X™ powder sold to CGX.

Change of Auditor

Effective July 3, 2014, Collins Barrow Toronto LLP resigned as auditor and was replaced with McGovern, Hurley, Cunningham LLP.

Effective May 14, 2015, McGovern, Hurley, Cunningham LLP resigned as auditor and was replaced with Collins Barrow Toronto LLP.

Acquisition of CGX

On July 10, 2014, Allegiance entered into a non-binding letter of intent (the “**CGX LOI**”), negotiated at arm’s length, to acquire all of the outstanding securities of CGX in exchange for 24,780,653 Common Shares to be issued from treasury. Upon the consummation of the acquisition of CGX, the former shareholders of CGX (the “**CGX Shareholders**”) will hold approximately 71.95% of Allegiance’s issued and outstanding common shares on a fully diluted basis.

On October 10, 2014, Allegiance and CGX rescinded the CGX LOI.

On October 28, 2014, Allegiance entered into an acquisition agreement (the “**CGX Acquisition Agreement**”) with CGX and the CGX Shareholders to acquire (the “**CGX Acquisition**”) all of the issued and outstanding shares of CGX other than those shares held by Allegiance.

On November 18, 2014, the Corporation acquired 9,001,000 issued and outstanding common shares of CGX (the “**CGX Purchased Shares**”), being all of the issued and outstanding shares of CGX other than those shares held by Allegiance, from all of the CGX Shareholders (other than Allegiance) in exchange for the issuance of an aggregate of 9,001,000 Common Shares (the “**CGX Payment Shares**”) to the CGX Shareholders (other than Allegiance) pursuant to the CGX Acquisition Agreement. The CGX Payment Shares were valued at \$0.05 per CGX Payment Share for a total of \$450,050.

Upon the consummation of the CGX Acquisition: (1) Marilyn H. Bloovol resigned as President and Chief Executive Officer of Allegiance and was replaced by W. Scott Boyes, the President of CGX prior to the CGX Acquisition; and (2) the BCC Board was comprised of Marilyn H. Bloovol, Randall G. Stafford, David J. Layman, Donald P. Stott and W. Scott Boyes.

Change of Name

On November 18, 2014, Allegiance held an annual and special meeting of shareholders whereby the Allegiance Shareholders, *inter alia*, approved the change of name of the Corporation from “Allegiance Equity Corporation” to “The Canadian Bioceutical Corporation”.

On December 5, 2014, Allegiance filed Articles of Amendment to change its name to “The Canadian Bioceutical Corporation”.

Stock Option Grants

On December 5, 2014, the Corporation granted incentive stock options to its directors, officers and employees to purchase up to an aggregate of 1,816,000 Common Shares for a term of three (3) years from the date of grant at an exercise price of \$0.05 per Common Share.

Concurrently with the closing of the CGX Acquisition on December 15, 2014, the Corporation granted additional incentive stock options to its directors, officers and employees to purchase up to an aggregate of 884,000 Common Shares in the capital of the Corporation for a term of three (3) years from the date of grant at an exercise price of \$0.05 per Common Share.

On July 9, 2015, the Corporation granted incentive stock options to its officers to purchase up to an aggregate of 300,000 Common Shares for a term of two (2) years from the date of grant at an exercise price of \$0.1875 per Common Share.

Concurrently with the closing of the acquisition by CGX and BCC of the membership interests in the H4L Companies and the S8 Companies (the “**Membership Interests**”), debts of H4L Management East LLC (“**H4L Management East**”) and H4L Management North LLC (“**H4L Management North**”) and together with H4L Management East, the “**H4L Companies**”) and S8 Industries LLC (“**S8 Industries**”), S8 Management LLC (“**S8 Management**”), S8 Rental LLC (“**S8 Rental**”) and S8 Transportation LLC (“**S8 Transportation**”) and together with S8 Industries, S8 Management and S8 Rental, the “**S8 Companies**”) and every other debt or liability owed to Stavola by any of the H4L Companies or S8 Companies (the “**AZ Acquisition**”), the Corporation granted additional incentive stock options to certain directors, officers, consultants and employees of the Corporation and its subsidiaries to purchase up to an aggregate of 19,080,000 Common Shares in the capital of the Corporation as follows:

- (1) 12,080,000 Common Shares at an exercise price of \$0.20 per Common Share for a term of five (5) years;
- (2) 3,500,000 Common Shares at an exercise price of \$0.60 per Common Share for a term of five (5) years; and
- (3) 3,500,000 Common Shares at an exercise price of \$1.00 per Common Share for a term of five (5) years.

Financings

Concurrently with the closing of the CGX Acquisition on December 15, 2014, the Corporation completed a private placement of 15,000,000 units at price of \$0.05 per unit for gross proceeds of \$750,000 with each unit comprised of one (1) Common Share and one (1) Warrant (the “**2014 Warrants**”) entitling the holder thereof to purchase one Common Share at an exercise price of \$0.05 per Common Share until December 15, 2015, and thereafter at an exercise price of \$0.10 per Common Share until December 15, 2017. There are currently 12,675,000 2014 Warrants outstanding. The gross proceeds of this placement were used as general working capital and to further develop the Corporation’s business mode. No fees or commissions were paid as part of the private placement.

On December 23, 2014, the Corporation completed a private placement of 1,923,077 Common Shares at a price of \$0.13 per Common Share for aggregate gross proceeds of \$250,000. The gross proceeds of this placement were used as general working capital and to further develop the Corporation’s business mode. No fees or commissions were paid as part of the private placement.

On March 23, 2015, the Corporation converted an aggregate of \$765,486.58 of debt due from two (2) promissory notes originally issued by CGX in July (\$211,538.63 of principal and interest due as of January 15, 2015) and September 2011 (\$560,116.47 of principal and interest due as of January 15, 2015), into 3,061,947 Common Shares at a deemed conversion price of \$0.25 per Common Share and 846,155 Warrants (the “**2015 Warrants**”). Each 2015 Warrant entitles the holder thereof to purchase one (1) Common Share at an exercise price of \$0.275 per Common Share until January 15, 2016. No 2015 Warrants were exercised by the expiry of the term of the 2015 Warrants.

On June 4, 2015, the Corporation completed the first tranche of a private placement of 978,572 Common Shares at a price of \$0.35 per Common Share for aggregate gross proceeds of \$342,500. On June 25, 2015, the Corporation completed the second and final tranche of a private placement of 100,000 Common Shares at a price of \$0.35 per Common Share for aggregate gross proceeds of \$35,000. The gross proceeds of this private placement were used to fund the Corporation's plans to expand its existing life sciences business into the production, processing and distribution of medical marijuana ("**Marijuana**") and cannabis-based medicinal products (including in relation to the build out of the manufacturing facility located in the City of Owen Sound, Ontario) and for general working capital purposes. In relation to the first tranche of the private placement, an aggregate of \$38,250 was paid, in equal portions, to each of Broughton Limited (based in Guernsey) and Walmer Capital Limited (based in London, UK). No fees or commissions were paid as part of the second and final tranche of the private placement.

On June 9, 2015, the Corporation announced that it entered into a consulting agreement with 1588169 Ontario Inc. o/a as Greenlight Capital ("**GLC**") whereby GLC was to, on a non-exclusive basis, source and introduce financing candidates to BCC for the purposes of providing additional equity or convertible debt private placement financing on a best efforts basis in the expected range of \$2,750,000 to \$4,000,000 by August 1, 2015. No financing transaction was completed by the deadline of August 1, 2015 and the agreement was terminated accordingly.

The Corporation completed the first tranche of a private placement of £40,000 (\$72,742.50) of unsecured convertible debentures (the "**Debentures**") on April 4, 2016 and the second and final tranche of the private placement of £20,000 (\$37,536.00) of convertible debentures on June 7, 2016. The gross proceeds of this private placement were used to fund the initial costs of the acquisition of the AZ Business.

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three (3) years from the date of issuance. The Debentures are convertible into units of the Corporation at the option of the subscriber at any time until maturity at a price of either: (a) \$0.35 per unit with each unit comprised of one (1) Common Share and one (1) Warrant (a "**2016 Debenture Warrant**") of the Corporation; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35. Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65. No fees or commissions were paid as part of the private placement.

On January 19, 2017, concurrently with the closing of the AZ Business, the Corporation completed a private placement of 177,409,011 Common Shares at a price of \$0.20 per Common Share for aggregate gross proceeds of US\$27,033,759.33. The Corporation determined the number of Common Shares issuable pursuant to this Concurrent Financing by deeming the United States dollar / Canadian dollar currency conversion rate applicable for the issuance of Common Shares as 1.3125 Canadian dollars for each US\$1.00 resulting in approximately \$35,481,809.13 for the US\$27,033,759.33 aggregate gross proceeds raised pursuant to this financing (the “**Concurrent Financing**”). The net proceeds of this private placement was used to satisfy the US\$15,000,000 cash portion of the purchase price for the AZ Business and the Corporation intends to use the remainder of the net proceeds received from the private placement to build out a new cultivation facility in Mesa, Arizona and for general working capital. Additionally, in relation to the private placement, Chrystal Capital Partners LLP (“**Chrystal Capital**”) received the following finder’s fees from the Corporation: (a) US\$2,429,376.13 cash fee; and (b) compensation options to acquire 15,913,655 Common Shares in the Corporation at an exercise price of \$0.20 per Common Share. In addition, the Corporation, in lieu of cash payments payable to the consultants under the WI Consulting Agreement, issued to the consultants, as an advisory fee equal to one percent (1%) of the Concurrent Financing that was not directly sourced by the consultants, 1,774,090 Common Shares and 1,774,090 Warrants exercisable at a price of \$0.20 per Common Share for a period of sixty (60) months from the closing date of the Transaction and 2,500,000 Common Shares to the consultants as a success fee at a price of \$0.20 per Common Share.

Canadian Medical Marijuana Licence

On January 7, 2015, the Corporation announced a plan to expand its existing life sciences business into the production, processing and distribution of medical marijuana and cannabis-based medicinal products and that it intends to locate its newest venture in the City of Owen Sound, Ontario.

The Corporation launched this venture through its wholly-owned subsidiary, Biocannabis Products Ltd. (“**BioCannabis**”) which submitted an application to Health Canada to become a licensed producer under Health Canada’s *Marijuana for Medical Purposes Regulations*. The initial application provides for the Corporation to inventory up to 15,000 kg and for the sale, delivery, destruction and production of dried marijuana.

BioCannabis also engaged Mark Krytiuk as its Vice President of Operations. Mr. Krytiuk is a highly experienced producer of medical cannabis and has been involved with several licensed facilities under the antecedent legislation.

BioCannabis’ leased premises for growing medicinal marijuana is an 180,000 square feet building located within the City of Owen Sound, Ontario. The building, upon approval of a pre-license inspection from Health Canada will house in excess of 20 large growing rooms, a drying area, trimming room, packaging area, a very large, high-security vault, a laboratory, extraction and testing facility, a below-grade highly-secure shipping and receiving compound as well as administrative offices and staff support areas. The master security plan and threat assessment report as well as an exhaustive site security plan for the building and the perimeter was completed by ITC Security and submitted with the application.

On May 11, 2015, the Corporation announced that BioCannabis was officially informed by Health Canada that its application has progressed to the enhanced security clearance phase.

On June 16, 2015, the Corporation announced that it entered into a cooperation agreement (the “**RIL Cooperation Agreement**”) with Roto-Gro International Limited (“**RIL**”) whereby the Corporation will acquire no less than 60 Advanced Model 420 Roto-Gro rotary hydroponic garden systems which have been specially adapted for the commercial production of medical cannabis. The RIL Cooperation Agreement was conditional on applicable financing from GLC, which was not completed and therefore expired co-terminus with the GLC consulting agreement.

On September 29, 2016, the Corporation entered into an agreement with EuroAg Corporation (“**EuroAg**”) whereby BCC received the exclusive right to purchase, install and use Roto-Gro products in the state of Arizona and Nevada and such other states as the Corporation and EuroAg may agree until December 31, 2018 unless extended in writing by the parties.

The Roto-Gro technology results in greater flower production with significantly less energy input and nutrient usage and since, since the units are stackable up to three units high, the space requirements are much lower than with typical pot and soil cultivation or with conventional hydroponic growing systems.

On June 30, 2015, the Corporation announced that it has entered into a consultancy agreement with Dr. Miles Thompson, B.Sc., Ph.D. to advise and assist with the development of its nutraceutical products, including derivatives and concentrates of cannabinoid-based medicinals. Dr. Thompson served as a Clinical Research Associate at North York General Hospital in Toronto and initiated the study of cannabinoids in epilepsy at the Department of Pharmacology and Toxicology at the University of Toronto. He has extensive experience in the design and implementation of clinical trials administered by Health Canada. Starting in May 2013, Dr. Thompson managed *in vivo* testing of cannabidiol in animal models of epilepsy at the Department of Pharmacology at the University of Toronto; a proof of principal necessary for human clinical trials.

Listings and Quotations

On December 23, 2016, the Corporation filed an application to voluntarily delist the Common Shares from the TSX Venture Exchange (“**TSXV**”) and, at the close of business on January 17, 2017, the Common Shares were delisted from the TSXV.

Concurrently with the application to voluntary delist the Common Shares from the TSXV, the Corporation applied to list the Common Shares on the Canadian Securities Exchange (“**CSE**” or the “**Exchange**”). The Common Shares have been conditionally approved for trading on the CSE and will commence trading on the CSE on January 27, 2017.

The Common Shares are quoted and trading on the OTC under the trading symbol “CBICF”.

FertaMax™

On April 7, 2015, pursuant to the asset purchase and sale agreement dated April 7, 2015 between True Brands Inc. (a private Ontario corporation) and CGX (the “**FertaMax Agreement**”) whereby CGX acquired all of the assets relating to FertaMax from True Brands Inc. (a privately held Ontario corporation). Specifically, CGX acquired all existing inventory (approximately 5,600 labelled bottles of product), all associated marketing materials, all intellectual property associated with FertaMax and all associated goodwill.

The FertaMax Agreement provided that the purchase price payable by CGX to True Brands Inc. was set at a maximum aggregate of \$80,000 and calculated as follows:

- (1) The amount of \$7.00 per bottle for any consummated sales of existing inventory; and
- (2) Ten percent (10%) of gross revenue (before any sales taxes and returns) of any sales in addition to the existing inventory.

As of the date hereof, the entirety of the inventory has been destroyed (after becoming stale dated) and there has not been any new sales. Accordingly, no portion of the purchase price has been paid to True Brands Inc.

On May 5, 2015, the Corporation announced that, CGX entered into an international conditional sales agreement with Pharm-X in relation to FertaMax. Pharm-X, located in the United Arab Emirates, is an international sales distributor that provides health products to approximately 70,000 pharmacies in several international markets.

The Agreement with Pharm-X is conditional upon the following: (1) obtaining a Natural Product Number with the Ministry of Health (Canada), which is a requirement to sell supplements in Canada; (2) a certificate of free trade; (3) the initiation of stability testing; and (4) an official audit will occur of the third party manufacturer of FertaMax.

As of the date hereof, no sales to Pharm-X have been consummated and CGX continues to work through the above-listed conditions. The Corporation generally forecasts that FertaMax sales through the Pharm-X channel may commence in mid-2017.

Acquisition of Nevada MME

On August 10, 2015, the Corporation announced it entered into a letter of intent (the “**NV LOI**”) to acquire a Las Vegas-based MME which has been granted a provisional cultivation license and a provisional production license by the state’s Division of Public and Behavioural Health.

The sale of marijuana for adult use in Nevada was approved by ballot initiative on November 8, 2016.

The NV LOI was conditional on agreement of closing documentation, the Corporation securing adequate financing of approximately \$5,000,000 to acquire the medical marijuana licenses, the land, the building (including build-outs), related equipment and initial working capital, confirmation of the transferability of the licenses by the State, completion of formal appraisals, securing of appropriate permits etc. from the municipality, formal underwriting typical to this type of transaction and approval of the BCC Board.

Further to entering into the AZ LOI, the Corporation postponed plans to launch its own operations in Nevada.

Acquisition of Arizona Medical Cannabis Management Group

On January 22, 2016, the Corporation entered into a letter of intent (the “**AZ LOI**”) to acquire all of the interests, issued and outstanding shares and/or units of Elizabeth and Jack Stavola (the “**Vendors**”) in a group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in Arizona (the “**AZ Business**”). The AZ Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises (“**MMEs**”). The AZ LOI also provides for the extension of services to several other states including Nevada. As a result, the Corporation postponed plans to for a launch of its own operations in Nevada.

Pursuant to the AZ LOI, the purchase price for the AZ Business was intended to be US\$22.5 million, in cash on closing. The Corporation engaged a European-based capital advisory group to work with it in arranging financing for up to US\$30 million to complete the purchase and provide for expansion capital as well as general working capital.

Pursuant to the AZ LOI, the closing of the transaction is scheduled to occur on or before May 15, 2016 and is conditional on agreement of closing documentation, securing adequate purchase price financing, approval of the BCC Board and all necessary regulatory approvals.

On May 17, 2016, the Corporation announced that the target closing date was extended to June 15, 2016 with the consent of the Vendors to provide the parties with additional time to complete required financial audits and closing documentation.

On June 14, 2016, the Corporation announced that the target closing date was extended to July 15, 2016 with the consent of the Vendors to provide the parties with additional time to complete required financial audits and closing documentation.

On September 1, 2016 the Corporation entered into the WI Consulting Agreement pursuant to which the consultants contracted to provide strategic counsel to the Corporation in respect of, *inter alia*, evaluating and securing financing in relation to the AZ Acquisition and such other ongoing projects as the Corporation and the consultants agree to undertake. In relation thereto, the consultants are to be remunerated on the basis of a success fee in the amount of \$500,000 in cash, six percent (6%) of the aggregate financing directly sourced by the consultants and Warrants in an amount equal to six percent (6%) of the aggregate financing directly sourced by the consultants for the purchase of purchasing Common Shares at the exercise price that is equal to the issue price of the Common Shares of the Concurrent Financing.

Additionally, pursuant to the WI Consulting Agreement, the consultants are to be remunerated an advisory fee equal to one percent (1%) of the aggregate financing that was not directly sourced by the consultants and Warrants equal to one percent (1%) of the aggregate financing at a price equal to the issue price applicable to such financing. Upon the consummation of the AZ Acquisition, at the consultants option, the applicable cash remuneration due can be exchanged for the issuance of Common Shares at \$0.20 per Common Share (being the price of the Common Shares issued in respect of the Concurrent Financing).

On September 7, 2017, following the expiry of the term set out in the AZ LOI, as amended, the Corporation made an offer accepted by Stavola and the Trust to acquire all of the Membership Interests of the H4L Companies and S8 Companies.

Effective for January 1, 2017, the Corporation and CGX entered into a definitive purchase agreement (the “**AZ Purchase Agreement**”) with Christine Flores and Lonnie E. Davis, co-trustees of the Elizabeth Stavola 2016 NV Irrevocable Trust dated April 21, 2016 (the “**Trust**”), Elizabeth M. Stavola, an individual (“**Stavola**” and, together with the Trust, the “**Sellers**”) with respect to the acquisition of the AZ Business for the purchase price of US\$25,000,000 to be satisfied by a cash payment of US\$15,000,000, subject to adjustments and a promissory note (the “**AZ Promissory Note**”) in the principal amount of US\$10,000,000 payable to the Sellers. The AZ Promissory Note shall have a three (3) year term and bear interest at the rate of eight percent (8%) per annum, such interest being cumulative but not compounded. Repayment of the AZ Promissory Note shall be secured by a security interest granted by CGX in favour of the Trust over all the assets of the H4L Companies and S8 Companies (collectively, the “**AZ Companies**”), including a first priority mortgage on all real property owned by the S8 Companies and the H4L Companies (the “**Collateral**”) pursuant to a security agreement dated January 19, 2017 between the Corporation, CGX and the Trust (the “**Security Agreement**”).

On January 19, 2017, the AZ Acquisition was completed. See Section 3.2 – *Significant Acquisition*. The AZ Business consisted of a group of Arizona incorporated entities involved in providing real estate rental, administrative, general management and advisory services, financing and logistics to Marijuana businesses licensed under the provisions of the *Arizona Medical Marijuana Act, A.R.S. Title 36, Section 28.1* (the “**AMMA**”). The AZ Business does not directly own, possess or sell marijuana or any marijuana-infused products, but does have substantial responsibility for the operations of the AZ Business, being HFL and Soothing Options, which are legally authorized by the State of Arizona to do so. The HFL Management Agreement and the Soothing Options Management Agreement provide for new and additional control by the AZ Business over the activities of these entities.

Concurrently with the closing of the AZ Acquisition on January 19, 2017, CGX and the Corporation issued the AZ Promissory Note payable to Christine Flores and Lonnie E. Davis, co-trustees of the Elizabeth Stavola 2016 NV Irrevocable Trust dated April 21, 2016 in the principal amount of US\$10,000,000. The AZ Promissory Note has a three (3) year term and bears interest at the rate of eight percent (8%) per annum, such interest being cumulative but not compounded. Repayment of the AZ Promissory Note shall be secured by security interests in the Collateral granted by the Corporation and CGX and in favour of the Trust pursuant to the Security Agreement.

3.2 Significant Acquisition

The Arizona Department of Health Services (“**ADHS**”) has awarded to HFL a Medical Marijuana Dispensary Certificate Number 00000093DCTJ00667966 (the “**HFL License**”) and to Soothing Options a Medical Marijuana Dispensary Certificate Number 0000094DCTJ00667966 (the “**Soothing Options License**” and, together with the HFL License, the “**Licenses**”). According to ARS 36-2806, medical marijuana businesses (at least dispensaries) are required to be “operated on a not-for-profit basis” by NPO entities thereby effectively precluding profit distributions. Additionally, NPOs are not permitted to transfer the Medical Marijuana Dispensary Certificates and, as such, acquisition activity must be focused on investing in or acquiring control of business entities that either hold applicable certificates and/or have contracts to provide services and products to them.

The AZ Business derives its revenue from various services provided by the H4L Companies to HFL and the S8 Companies to Soothing Options. As discussed elsewhere in this Listing Statement, HFL and Soothing Options are permitted under the provisions of a license granted pursuant to the AMMA to cultivate and grow cannabis plants and sell cannabis and cannabis-infused products to registered patients authorized by the state to purchase and consume same.

HFL Note and Soothing Options Note

In addition, HFL issued a secured revolving promissory note (the “**HFL Note**”) payable to S8 Industries in the principal amount of US\$2,000,000 and Soothing Options issued a secured revolving promissory note (the “**Soothing Options Note**”) payable to S8 Industries in the principal amount of US\$900,000. The HFL Note and the Soothing Options Note are both due and payable on September 15, 2022 and bear interest at a rate of eighteen percent (18%) per annum payable annually on September 15th each calendar year. See Section 22 – *Material Contracts – HFL Note* and Section 22 – *Material Contracts – Soothing Options Note*.

HFL Lease

On November 13, 2013, HFL entered into a triple-net lease agreement (the “**HFL Lease**”) with S8 Rental to occupy approximately 13,812 square feet located at 7343 89th Place, Mesa, Arizona for a term of ending on December 31, 2023 to use the leased premises for the purpose of a licensed Marijuana dispensary and Marijuana facility in compliance with the laws and regulations of Arizona. HFL will have two (2) options to extend the term of the HFL Lease for additional periods of five (5) years each upon at least sixty (60) days written notice prior to the expiration of the current term. HFL will be currently paying base rent to S8 Rental in the amount of US\$39,000 per month until December 31, 2018 at which time base rent will be US\$41,000 per month until the end of the term of the HFL Lease on December 31, 2023. If the first 5 year option is exercised, base rent will be US\$43,000 per month between January 1, 2024 until December 31, 2029 and if the second 5 year option is exercised, base rent will be US\$45,000 per month between January 1, 2030 until December 31, 2035. The estimated triple-net charges are US\$23,000 and include real estate taxes, property insurance and quarterly owner’s association fees. The HFL Lease is assignable upon prior written consent of S8 Rentals. See Section 22 – *Material Contracts – HFL Lease*.

Soothing Options Lease

On April 24, 2013, Soothing Options entered into an industrial gross lease agreement (the “**Soothing Options Lease**”) with Falcon Field Business Park, L.L.C. (“**Falcon Field**”) to occupy 3321 North Reseda Circle, Suite 50 and 61, Mesa, Arizona for an initial term commencing on June 1, 2013 and expiring on May 31, 2015 to use the leased premises to be used and occupied as a Marijuana Dispensary in compliance with the laws and regulations of Arizona. Soothing Options will have one (1) option to extend the term of the Soothing Options Lease for an additional period of two (2) years upon at least sixty (60) days written notice prior to the expiration of the initial term. Soothing Options is currently paying base rent to S8 Rental in the amount of US\$1,909.62 per month until May 31, 2017, being the expiry date of the Soothing Options Lease. Soothing Options’ share of the operating expenses or reimbursements for the premises is 4.54%. See Section 22 – *Material Contracts – Soothing Options Lease*.

HFL Management Services Agreement and Soothing Options Management Services Agreement

Pre-Closing Management Agreements

Prior to the closing of the AZ Acquisition, S8 Management was responsible for overseeing the daily operations of HFL and Soothing Options and the acquisition of, or manufacture of, or cultivation of, the product from “seed to sale” and will actively manage all related processes and procedures pursuant to a management agreement between S8 Management and each of HFL and Soothing Options. Pursuant to the management agreements, S8 Management agreed, amongst other things, to: (i) be responsible for the supervision of all employees or independent contractors employed by HFL and Soothing Options and administration of personnel matters including all income and payroll tax withholding and reporting; (ii) advise and notify HFL and Soothing Options of all equipment and supplies necessary to operate business; (iii) at HFL and Soothing Options’ expense, operate, maintain, repair and otherwise manage the property; and (iv) devote commercially reasonable efforts to the performance of its management services.

For the services provided by S8 Management to HFL and Soothing Options, S8 Management was paid a fee of US\$25,000 per month from each of HFL and Soothing Options and was reimbursed for all operating expenses and such other expenses authorized by HFL and Soothing Options, as applicable, to the extent that such revenues are sufficient.

The initial term of each of the management agreements was for a one (1) year period and was automatically extended for five (5) additional one (1) year periods unless cancelled by S8 Management, HFL or Soothing Options, as the case may be, upon thirty (30) days advance written notice to the other party.

HFL Management Services Agreement and Soothing Options Management Services Agreement

To better reflect the scope and complexity of the management services provided to HFL and Soothing Options by S8 Management than those management services provided to HFL and Soothing Options by the H4L Companies and S8 Companies prior to the closing of the AZ Acquisition as well as to provide more equitable compensation to S8 Management for its contribution to the success of HFL and Soothing Options than was provided to the H4L Companies and S8 Companies prior to the closing of the AZ Acquisition, S8 Management entered into more extensive management services agreements with each of HFL (the “**HFL Management Services Agreement**”) and Soothing Options (the “**Soothing Options Management Services Agreement**”) concurrently with the closing of the AZ Acquisition.

The HFL Management Services Agreement and Soothing Options Management Services Agreement provide for, amongst other things, that S8 Management will provide all management services typically required by a dispensary and cultivation facility of similar type and size, including but not limited to, all staffing, materials, equipment, logistical support, accounting and other administrative functions, contractor selection, advisory services and any other requirements essential to the successful operation of HFL and Soothing Operations (the “**Management Services**”).

S8 Management will receive compensation for its services on a “cost-plus” basis, with all expenses reimbursed by HFL and Soothing Options directly to S8 Management in an amount equal to the costs incurred by S8 Management plus 3%.

In addition, S8 Management will earn a fee equal to 5% of gross revenues earned by HFL and Soothing Options in consideration for taking the actions necessary to render the Management Services and, as an incentive to more efficiently manage the operations of HFL and Soothing Options, 90% of Net Revenues. The percentage of Net Revenues may be adjusted from time to time by mutual agreement in writing between S8 Management and each of the HFL Board (in respect of the HFL Management Services Agreement) and the Soothing Options Board (in respect of the Soothing Options Management Services Agreement) to reflect the level of input of each of the respective parties to the success of the operation.

The initial term of each of the HFL Management Services Agreement and the Soothing Options Management Services Agreement is twenty (20) years and S8 Management shall have the right to renew each of the HFL Management Services Agreement and the Soothing Options Management Services Agreement for two (2) further twenty (20) year terms.

The Effects of Entering into the HFL Management Services Agreement and Soothing Options Management Services Agreement

The effect of entering the new HFL Management Services Agreements and Soothing Options Management Services Agreement concurrently with the closing of the AZ Acquisition is significant assurance of the continued stability and growth of both HFL and Soothing Options as well as a more equitable level of compensation to S8 Management for the providing the Management Services.

IMPACT OF HFL AND SOOTHING OPTIONS MANAGEMENT SERVICES AGREEMENTS ON THE S8 COMPANIES

To demonstrate the financial impact on the new HFL Management Services Agreement and the Soothing Options Management Services Agreement on the financial results of the S8 Companies, the following represents management's estimates of the adjusted results of the new HFL Management Services Agreement and Soothing Options Management Services Agreements had they been in effect during the respective periods as well as the HFL Note and HFL Lease:

	Twelve Months Ended March 31, 2017 (Projected) (US\$)		Six Months Ended September 30, 2016 (US\$)		Twelve Months Ended March 31, 2016 (US\$)	
	New Management Agreement	Old Management Agreement	New Management Agreement	Old Management Agreement	New Management Agreement	Old Management Agreement
Agreements with HFL						
<i>Pre-Closing Management Agreement</i>						
Reimbursed Expenses						
Management Fee (US\$25,000 per month)		\$600,000		\$300,000		\$600,000
<i>Subtotal</i>		\$600,000		\$300,000		\$600,000
<i>New Management Services Agreement</i>						
Reimbursed Expenses	12,559,219		\$6,535,883		\$7,665,071	
3% cost-plus compensation	\$372,737		\$196,076		\$229,949	
Management Fee (5% of gross revenue)	\$900,489		\$418,334		\$446,091	
Incentive Fee (90% of Net Revenue)	\$4,091,470		\$1,776,165		\$2,135,882	
<i>Subtotal</i>	\$17,963,915		\$8,926,458		\$10,476,993	
<i>Note</i>						
Interest Earned (18%)	<u>\$522,000</u>	<u>\$522,000</u>	<u>\$261,000</u>	<u>\$261,000</u>	<u>\$522,000</u>	<u>\$522,000</u>
<i>Subtotal</i>	\$522,000	\$522,000	\$261,000	\$261,000	\$522,000	\$522,000
<i>Lease</i>						
Base Rent payable (US\$39,000 per month)	\$468,000	\$468,000	\$234,000	\$234,000	\$468,000	\$468,000
Estimated Triple-Net Charges (approximately US\$23,000 per mo.)	\$276,000	\$276,000	\$138,000	\$138,000	\$276,000	\$276,000
<i>Subtotal</i>	\$744,000	\$744,000	\$372,000	\$372,000	\$744,000	\$744,000
Total	\$19,229,915	\$1,866,000	\$9,559,458	\$633,000	\$11,742,993	\$1,866,000
Operating Expenses	\$12,599,220	\$125,000	\$6,178,008	\$62,500	\$7,208,524	\$125,000
EBITDA	\$6,630,695	\$1,741,000	\$3,381,450	\$570,500	\$4,534,469	\$1,741,000

HISTORICAL FINANCIAL ESTIMATE DISCLAIMER

The above presentation of the estimated financial information in respect for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 are estimates of management of the Corporation based in part upon incomplete information from HFL and Soothing Options which has not been audited by Collins Barrow or any other CPAB auditor. According to ARS 36-2806, medical marijuana businesses (at least dispensaries) must be “operated on a not-for-profit basis,” thereby effectively precluding profit distributions and NPOs are not permitted to transfer the Medical Marijuana Dispensary Certificates and as such, neither the Corporation nor CGX acquired HFL, the HFL License, Soothing Options or the Soothing Options License and, accordingly, there can be no assurance that either HFL or Soothing Options will obtain an audit by Collins Barrow or other CPAB auditor. The above presentation of the estimated financial information are illustrative examples of the effects of the HFL Management Services Agreement and Soothing Options Management Services Agreement on the S8 Companies for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016.

The estimates determined by management of the Corporation for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the BCC Corporate Group to be materially different from the results, performance or achievements expressed or implied by the results, performance or achievements expressed or implied above following any future audit conducted by Collins Barrow or another CPAB auditor.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 set out above. Such estimated financial information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: unaudited information reviewed by the Corporation from the books and records of H4L and Soothing Options, combined with best estimates of the management of the S8 Companies and BCC (calculated using the following estimated combined results of HFL and Soothing Options as follows for the: (1) six months (6) ended September 30, 2016: (a) Revenue of US\$8,366,700; (b) Operating Expenses of US\$6,535,900; and (c) Net Revenue of US\$1,973,500; and (2) twelve (12) months ended March 31, 2016: (a) Revenue of US\$8,921,800; (b) Operating Expenses of US\$7,665,000; and (c) Net Revenue of US\$2,373,200); the revenue and expenses of S8 Management, S8 Industries and S8 Rental, the ability to satisfy the evolving requirements of a stock exchange; the economy generally; the yield from the HFL’s and Soothing Options’ cannabis growing operations; consumer interest in the products of HFL and Soothing Options; competition; and anticipated and unanticipated costs. The estimated financial information in respect for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 set out above should not be relied upon as representing the Corporation’s views as of any date subsequent to the date of this Listing Statement or determinative with respect to the past results of HFL, Soothing Options, S8 Industries, S8 Management or S8 Rental. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 set out above, there may be other factors that cause actions, events or results not to be as assumed, estimated or intended. There can be no assurance that such estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 set out above will prove to be

accurate, as actual results could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on such estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016. The estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 are made as of the date of this Listing Statement and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Corporation disclaims any intention or obligation to update or revise any such estimated financial information, whether as a result of new information, future events or otherwise, except as required by law. Although the Corporation believes that the assumptions and factors used in preparing the estimated financial information for the twelve (12) month period ended on March 31, 2016 and the six (6) month period ended September 30, 2016 are reasonable, and, accordingly, readers should not place undue reliance on such information.

See Section 22 – *Material Contracts – HFL Management Services Agreement* and Section 22 – *Material Contracts – Soothing Options Management Services Agreement* as well as Section 5 – *Selected Consolidated Financial Information* and the Financial Statements and MD&A set out in Schedule “A”, “B”, “C” and “D”, respectively, hereto.

FORWARD-LOOKING INFORMATION DISCLAIMER

The above presentation also includes the estimated projected financial information for the twelve (12) month period ending on March 31, 2017 which are forward-looking statements and contains forward-looking information. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the BCC Corporate Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements and information.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in the estimated projected financial information for the twelve (12) month period ending on March 31, 2017 set out above. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: unaudited information reviewed by the Corporation from the books and records of H4L and Soothing Options, combined with best estimates of the management of the S8 Companies and BCC (calculated using the following estimated and projected combined results of HFL and Soothing Options as follows for the twelve (12) months ended March 31, 2017 (projected): (a) Revenue of US\$17,042,800; (b) Operating Expenses of US\$12,424,600; and (c) Net Revenue of US\$4,546,100); the revenue and expenses of S8 Management, S8 Industries and S8 Rental, the ability to satisfy the evolving requirements of a stock exchange; the economy generally; the yield from the HFL’s and Soothing Options’ cannabis growing operations; consumer interest in the products of HFL and Soothing Options; competition; and anticipated and unanticipated costs. These forward-looking statements should not be relied upon as representing the Corporation’s views as of any date subsequent to the date of this Listing Statement. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements in the estimated projected financial information for the twelve (12) month period ending on March 31, 2017, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. ~~The forward-looking statements and information contained in the estimated projected~~

financial information for the twelve (12) month period ended on March 31, 2017 are expressly qualified in their entirety by this cautionary statement. The forward-looking statements and information included in the estimated projected financial information for the twelve (12) month period ended on March 31, 2017 are made as of the date of this Listing Statement and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Corporation disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Although the Corporation believes that the assumptions and factors used in preparing the estimated projected financial information for the twelve (12) month period ending on March 31, 2017 are reasonable, and, accordingly, readers should not place undue reliance on such information.

See Section 22 – *Material Contracts – HFL Management Services Agreement* and Section 22 – *Material Contracts – Soothing Options Management Services Agreement* as well as Section 5 – *Selected Consolidated Financial Information* and the Financial Statements and MD&A set out in Schedule “A”, “B”, “C” and “D”, respectively, hereto.

Concurrent Financing

Concurrently with the closing of the AZ Acquisition, the Corporation completed a private placement of 177,409,011 Common Shares at a price of \$0.20 per Common Share for aggregate gross proceeds of US\$27,033,759.33. The Corporation determined the number of Common Shares issuable pursuant to this Concurrent Financing by deeming the United States dollar / Canadian dollar currency conversion rate applicable for the issuance of Common Shares as 1.3125 Canadian dollars for each US\$1.00 resulting in approximately \$35,481,809.13 for the US\$27,033,759.33 aggregate gross proceeds raised pursuant to the Current Financing. The net proceeds of this private placement was used to satisfy the US\$15,000,000 cash portion of the purchase price for the AZ Business and the Corporation intends to use the remainder of the net proceeds received from the private placement to build out a new cultivation facility in Mesa, Arizona and for general working capital. Additionally, in relation to the private placement, Chrystal Capital received the following finder’s fees from the Corporation: (a) US\$2,429,376.13 cash fee; and (b) compensation options to acquire 15,913,655 Common Shares in the Corporation at an exercise price of \$0.20 per Common Share. In addition, the Corporation, in lieu of cash payments payable to the consultants under the WI Consulting Agreement, issued to the consultants, as an advisory fee equal to one percent (1%) of the Concurrent Financing that was not directly sourced by the consultants, 1,774,090 Common Shares and 1,774,090 Warrants exercisable at a price of \$0.20 per Common Share for a period of sixty (60) months from the closing date of the Transaction and 2,500,000 Common Shares to the consultants as a success fee at a price of \$0.20 per Common Share.

Directors and Officers

Following the closing of the AZ Acquisition, the BCC Board consisted of: (a) Marilyn H. Bloovol (Chairperson); (b) W. Scott Boyes (President and Chief Executive Officer); (c) David J. Layman; (d) Randall G. Stafford (Chief Financial Officer); and (e) Donald P. Stott.

Marilyn H. Bloovol, Chairperson, W. Scott Boyes, President and Chief Executive Officer, and Randall G. Stafford, Chief Financial Officer, are the officers of the Corporation.

Concurrently with the closing of the AZ Acquisition, Elizabeth M. Stavola was appointed as the President of CGX.

ROFR

Pursuant to the AZ Acquisition Agreement and in addition to the NV Purchaser's Option, in the event that, prior to July 1, 2017, the Sellers are considering either: (1) a sale or transfer to a third party of all or substantially all of the Sellers' medical marijuana or related non-medical marijuana businesses in Nevada and/or Maryland, including, but not limited to, GreenMart of Nevada, LLC, GreenMart of NLV LLC and GreenMart of Maryland LLC (whether by merger, acquisition of stock or assets, or otherwise); or (2) a sale of one or more of the New Licenses applied for by Stavola, personally, prior to the Closing (such sale to include a lease or sale of the property acquired or designated by Stavola to site such license), then prior to the Sellers actively engaging in any discussions or other communications with any such third party regarding such sale or transfer, the Sellers shall provide written notice of such intent to BCC, together with the material terms and conditions that would be acceptable to the Sellers for the sale or transfer of any or all of such businesses, as applicable, and BCC shall have a right of first offer and negotiation (for a period of thirty (30) days after BCC's receipt of such notice), to the extent described herein, with respect to such proposed sale or transfer, and the Sellers shall: (a) accept any written offer by BCC presented prior to the expiration of such thirty (30) day period that is on equivalent to or better terms and conditions (taken as a whole) than the offer presented by the Sellers; and (b) otherwise consider in good faith the offer by BCC and negotiate with BCC in good faith during such thirty (30) day period (the "**ROFR**").

NV Purchaser's Option

Notwithstanding the ROFR, the Sellers granted BCC an option (the "**NV Purchaser's Option**"), in its sole discretion to purchase all of the Sellers' interests, issued and outstanding shares and/or units, as the case may be, of GreenMart of Nevada, LLC, GreenMart of NLV LLC, Lucky Kitchen Edibles LLC and any other entities which, at the time of the exercise of the Purchaser's Option, are involved in the marijuana business in Nevada (the "**Nevada Businesses**") for the purchase price of US\$9,000,000. The NV Purchaser's Option, which may be exercised by BCC between July 1, 2017 and June 30, 2018.

3.3 Trends

The emergence of the legal cannabis sector in the United States, both for medical and adult use, has been explosive as more states adopt regulations for its production and sale. In fact, the ArcView Group, a leading cannabis industry research group reports that it is now the fastest growing sector in the country with The U.S. market is expected to grow from US\$5.4 billion in 2015 to US\$22.8 billion by 2020 with a compound annual growth rate of 31% (ArcView Group, January 2016).

After the ballots of the 2016 U.S. federal election were counted, a total of forty-four (44) U.S. states have adopted some form of regulation authorizing the use of cannabis and/or cannabis-related products with twenty-nine (29) of these states (and the District of Columbia) having authorized Marijuana, and of those twenty-nine (29), eight (8) plus District of Columbia have also authorized "adult use". Many other states have decriminalized possession. Today 60% of Americans live in a state where cannabis is legal in some form and almost a quarter of the population live in states where it is fully legalized for adult use.

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has been generally accepted by a majority of U.S. citizens with a growing acceptance by the medical community as well. A review of the research, published in 2015 in the *Journal of the American Medical Association*, found solid evidence that cannabis can treat pain and muscle spasms. The pain component is particularly important, because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opioid painkillers — meaning medical marijuana legalization could literally save lives.

In Arizona, the state permits the use of cannabis to treat or alleviate symptoms of over 20 medical conditions, including chronic pain. Over 100,000 patients have been approved by the State to use cannabis as a form of treatment and that number has been steadily increasing. The Arizona market size for medical cannabis is projected at US\$269 million in 2016 (The State of Legal Marijuana Markets, 4th Edition) and predicted to grow by 16% annually through 2020 (The State of Legal Marijuana Markets, 4th Edition).

While Arizona voters rejected the full legalization of cannabis for adult use on the November 2016 ballot initiative by a narrow margin, it is expected to resurface again during the mid-term elections in 2018. Interestingly, the largest single contributor of funds to the “no” side on the ballot initiative was a large Arizona-based pharmaceutical company involved in the manufacture of opiate-based painkillers (The Arizona Republic, USA Today, September 16, 2016).

The sale of marijuana for adult use in Nevada was approved by ballot initiative on November 8, 2016 which makes the exercise of BCC's option to purchase the Greenmart of Nevada operation much more attractive.

4. Narrative Description of the Business

4.1 General

BCC's has historically been operating in the life sciences sector focusing on the development and marketing of nutraceutical products. By definition, a nutraceutical is a naturopathic medicinal product derived from plants or plant extracts. It was therefore a natural progression for the Corporation to attempt to migrate into the production and sales of the most significant plant-based medicine to emerge in recent times, i.e. medicinal cannabis. BCC's primary objective is to be a leading cultivator, grower and extractor of cannabis and cannabis derivative products in North America. The purchase of the Arizona business is intended to be a platform acquisition and through subsequent acquisitions and new “greenfield” projects in Arizona, other U.S. states that have legalized, or may legalize the use of cannabis, and potentially in Canada, BCC intends to become a leader in the industry. BCC has also submitted an application to Health Canada to become a licensed producer under the Access to Cannabis for Medical Purposes Regulations and that application remains in process.

Organization

Neither BCC, nor any of its subsidiaries, directly owns a license or is authorized to possess or sell cannabis or cannabis products. BCC, through its subsidiary CGX, does however, pursuant to Management Agreements, provide management, administrative, logistical, real estate rentals, financial and advisory services to licensees in the State of Arizona.

With the acquisition of the AZ Business, BCC is now managing, under the terms of two separate management agreements, two vertically-integrated businesses that cultivate cannabis plants, extract oil from the cannabis plant, prepare and package cannabis flower and cannabis oils into various products for medicinal use and sells these cannabis oil based products along with the cannabis flower through both a wholesale distribution network and two Arizona state-licensed retail dispensaries.

BCC, and the AZ Business, inclusive of its subsidiaries, have a total of 83 full time employees. Scott Boyes and Randall G. Stafford serve as BCC's CEO and CFO, respectively. Jonathan Chu, Vice President, Finance and Accounting oversees accounting, payroll and banking functions for BCC and its subsidiaries. Elizabeth M. Stavola is President of CGX, through which all U.S. activity is conducted. Jason Gully is the Chief Operating Officer of CGX and oversees CGX's main Arizona operations.

Mr. Boyes, Mark Krytiuk, Vice President of Grow Operations, and Michael Arnkvarn, Vice President of Sales & Marketing for BCC-Corporate provide general oversight for all of BCC's operations, participate in the selection of, and due diligence on, potential acquisitions and manage special projects for the development of new cultivation and extraction technologies.

Production & Sales - Cultivation

BCC, through its wholly-owned Nevada subsidiary and its affiliated Arizona companies, manages cultivation, processing and retail operations on behalf of two Arizona "not-for-profit" Arizona corporations, Soothing Options and HFL both of which operate under the "Health for Life" trade name. Both entities are permitted under the provisions of a license granted pursuant to the AMMA to cultivate and grow cannabis plants and sell cannabis and cannabis-infused products to registered patients authorized by the state to purchase and consume same. The grant of a license under the Arizona statute permits each licensee to operate a full-service dispensary, a production and kitchen facility to produce cannabis-infused oils, edibles and other products derived from cannabis, and one on-site cultivation operation as well as one off-site cultivation site. While there are strict zoning regulations in respect of the location of these operations, unlike similar limitations in other states, there are no restrictions by the state as to plant count, square footage of production or volume of cannabis produced.

BCC, through its CGX subsidiary, manages cultivation operations, on behalf of HFL and SO, in a 15,000 square foot fully-functional indoor grow facility in Mesa, Arizona oversees a 35,000 square foot greenhouse cultivation contract operation near Salome, Arizona. The cultivation business is overseen by Chad King, who has over ten (10) years of experience in growing cannabis.

The major stages in the cannabis cultivation process are cloning, vegetation, flowering, curing and trimming. The entire process lasts from 100 to 130 days. However, BCC's production can be intentionally staggered such that plants are ready for harvest every 14 – 21 days. Each mature plant is bar-coded and tracked in the inventory tracking system and is internally audited on a regular basis throughout the growth cycle. The plants are tracked throughout the process and are also weighed and tracked once harvested and ready for sale.

The cannabis flower is sold directly to patients through the two licensed dispensaries managed for HFL and Soothing Options by CGX, or to other dispensaries through a wholesale distribution network. All of the trim from internal cultivation operations is used for oil extraction.

Over the first quarter of 2017, BCC intends to expand the licensees' cultivation and extract production operations into a new leased 25,000 square feet building located on a major thoroughfare in Mesa, Arizona. The dispensary licensed by Soothing Options will also be located to this site. Management expects that the relocation of the dispensary and the expansion of cultivation and extract production facilities will result in increased sales of cannabis flower while also increasing the amount of trim available for the AZ Business's oil extraction operation.

The new facility together with a doubling of the greenhouse contract operation will increase annual flower production from the current 1,800 pounds (680,000 grams) to 5,000 pounds (2.3 million grams).

The objective of the multiple grow operations is to continue to develop proprietary expertise in the area of cannabis cultivation, to supply the processing facility with trim and to provide a larger revenue stream for the licensees through the sale of both cannabis flower and MPX extracts.

Roto-Gro Introduction

On September 29, 2016, BCC and EuroAg Corporation, the North American distributor of Roto-Gro entered into a Memorandum of Understanding in respect of the exclusive use by BCC of the Roto-Gro technology in the states of Arizona and Nevada. The Advanced Model 420 Roto-Gro rotary hydroponic garden systems have been specially adapted for the commercial production of medical cannabis.

The units produce plants with more uniform growing patterns and simplifies harvesting projections and scheduling. The Roto-Gro technology uniquely utilizes the effects of gravitropism within a modular hydroponic growing environment. The humidity, temperature, carbon dioxide ("CO₂"), TDS, PH and nutrient levels are all computer monitored and controlled to produce the highest plant quality.

The state-of-the-art Roto-Gro technology results in up to four times the yield of flower production per square foot with significantly less energy input and nutrient usage. Additionally, as the units are stackable up to three units high, the space requirements are much lower than with typical pot and soil cultivation or with conventional hydroponic growing systems.

Each Roto-Gro unit is capable of producing up to 8 pounds of flower in each 8 – 10 week grow cycle for an estimated cost of less than US\$1.00 per gram. Stacked two high, the annual flower yield on a 60 square foot footprint would be up to 80 pounds of cannabis flower with an approximate retail value at current market prices of US\$435,000. The average price per unit is US\$15,000.

Under the terms of the EuroAg Agreement, BCC will have exclusive right to utilize the technology in the two states for up to two years in exchange for an agreement to purchase up to 500 Roto-Gro units over the next 24 months. BCC anticipates acquiring up to 250 units which will be leased to the HFL and Soothing Options by the AZ Business and installed in the new facility described above during the first calendar quarter of 2017.

Production & Sales – Oil Extraction

Sales statistics from all legal states where marijuana is sold legally, including Arizona, point to a growing preference amongst consumers for cannabis oil products over the traditional dried cannabis flower. Cannabis oil can be vaporized and consumers can inhale the vapors. Alternatively, oil can be used to create other products such as shatter, wax, etc., as well as used in edibles that can then be ingested. In many instances, this may provide a healthier and safer option to consumers over smoking cannabis flower.

Cannabis oil is generally extracted from dried cannabis plant material, which is mostly comprised of small leaves from the cannabis plant that are trimmed from the cannabis flower. This cannabis material is commonly referred to as “trim”.

The trimming process involves removing small leaves away from the flower or bud. The desirable cannabinoids that are found in marijuana plants are mostly concentrated in the mature cannabis flowers, but they are also found in the leaves and stem materials. Both the flowers and the trimmings are weighed and tracked in the AZ Business’ Adalis inventory tracking system. The trim is then transferred to the processing facility.

By using sophisticated extraction methods, the AZ Business is able to produce cannabis oils, hash and edibles, etc. while controlling the flavors and potency of these products.

Currently, the AZ Business uses two separate extraction methods for extracting cannabis oil; carbon dioxide extraction and hydro-carbon extraction.

Carbon Dioxide Extraction

Using CO₂ as an extraction solvent, allows for the AZ Business to focus the extraction process so that desirable cannabinoids can be targeted, leaving behind non-beneficial desirable properties such as chlorophyll, lipids, waxes and fats from the plant.

When high pressure is applied to CO₂, it becomes a liquid that is capable of working as a solvent, stripping away cannabinoids and essential oils from plant material.

CO₂ extraction involves warming carbon dioxide and then pumping it across plant material through the extractor at a precise pressure.

The carbon dioxide in this condition is condensed to a liquid which strips the cannabinoids and oils from the plant material.

With release of the pressure, the carbon dioxide escapes in its natural gaseous form, leaving the pure essential oil behind.

The advantage of using CO₂ to extract the cannabis oil is that there are no solvent residues left behind, and the resulting product is pure.

Further processing via heat, agitation, or vacuum pressure will aid in removing any residual alcohol from the oil, which is essential for determining the finished form of the oil.

Currently, the AZ Business is operating two, 20-liter CO₂ extractors at full capacity. A CO₂ extraction machine has the capacity to process approximately 10 pounds of trim per day for conversion into cannabis oil with a target yield of approximately 10% of the weight of the trim that is input. Thus, a CO₂ extractor has the capacity to produce approximately 450 grams of CO₂ based cannabis oil per day. During the first calendar quarter of 2017, and after relocation of the production facility to the new building, the AZ Business intends to add three new extractors to its operations. With five machines in operation the AZ Business's production output is approximately 2,250 grams of cannabis oil per day.

Hydrocarbon Extraction

Hydrocarbon or Hydro-carbon/Propane extraction uses non-polar hydrocarbon as a solvent. Hydro-carbon is especially well-suited for stripping dried cannabis material its cannabinoids, terpenes, and other essential oils while leaving behind the majority of unwanted chlorophyll and plant waxes.

The AZ Business operates two hydro-carbon extractors. Both machines utilize similar preparation and processing methodologies. During extraction, the solvent washes over the plant material and is then purged off from the resulting solution using a variety of techniques and variables such as heat, vacuum and agitation.

After obtaining hydro-carbon through this extraction method, the oil will be vacuum purged in a vacuum chamber to separate the cannabis oil from any remaining hydro-carbon gas. The vacuum oven is heated to release the Hydro-carbon and Propane, leaving behind only the extract. This "purging" process, depending on duration of exposure to vacuum and heat, and will give the hydro-carbon characteristic textures, such as wax, crumble, shatter and butter.

These post-extraction processes also determine what the final texture of the product is, whether it be butter, shatter, or a more traditional sticky cannabis oil. Routinely testing at over 60% tetrahydrocannabinol ("THC"), Hydro-carbon is the most popular choice for "dabbing", when properly-made, hydro-carbon extracted cannabis oil offers a very potent, direct, and flavorful method of ingesting cannabis.

The Hydro-carbon process, unlike the CO₂ process generally requires higher quality cannabis material in order to have higher quality finished product(s). The AZ Business currently operates one hydro-carbon extraction machine for the processing and production of hydro- carbon extracted cannabis oil. During the first calendar quarter of 2017, and after relocation of the production facility to the new building, the AZ Business intends to add an additional hydro-carbon extractor to its operations. The input capacity of the two machines is 24 pounds of Trim per day per machine which yields approximately 3 pounds or 1,350 grams of hydro-carbon extracted cannabis oil per day.

Products & Services – Products

The AZ Business produces and distributes two main types of products; cannabis flower and cannabis oil concentrate and related products all under the brand name Melting Point Extracts ("MPX"). All products are independently lab tested and certified before being packaged, labelled and bar-coded with detailed information about the levels of THC and CBD contained in each product.

Delta 9 THC is the main cannabinoid found in the cannabis plant and is responsible for the majority of the plant's psychoactive properties. Studies have shown that THC has many medical benefits, including analgesic properties and its tendency to increase appetite. Cannabidiol ("CBD") is gaining popularity as the primary therapeutic cannabinoid for a variety of diseases, such as autism, epilepsy and other nerve-related conditions. Cannabidiol is generally the second-most common cannabinoid found in cannabis, after THC. CBD is becoming highly sought after for medical purposes, despite the cannabinoid being nearly bred out of modern cannabis in the hunt for the higher THC strains. Now that studies have demonstrated the medical importance of CBD in certain circumstances, many cannabis cultivators and strain breeders now pride themselves on their high CBD-to-THC ratios.

The State of Arizona has identified 13 chronic conditions that can be treated with cannabis, the most common being chronic pain, cancer-related conditions and post-traumatic stress disorder ("PTSD").

Cannabis used in making medicinal cannabis oils and edibles requires decarboxylation. THCA (tetrahydrocannabinol acid) is the biosynthetic precursor of THC. It is found abundantly in growing and harvested cannabis. Contrast this with the notion that very little to none of the THC cannabinoid is found in growing or harvested plants. Research has shown THCA to have some neurone-protective and anti-inflammatory effects, but it does not produce the psychoactive effect that makes you feel "high" like THC does.

Decarboxylation occurs when carboxylic acids lose a carbon atom from a carbon chain effectively releasing CO₂, thus converting THCA to THC. This happens naturally (but very, very slowly) during the drying process; it could take years to complete converting THCA to THC this way. Fortunately, a heat source or flame causes the decarboxylation to happen rapidly, which explains why smoking it exposes the converted THC.

Nearly all modern cannabis strains are hybridized in some form or another; the energetic, sativa and the relaxing, sedative indica sides of the cannabis spectrum or the in-between options. Most dispensaries will organize their shelf in terms of indica, hybrid, and sativa to help patients understand how a given variety will affect them.

The AZ Business' CO₂ oil products are sold under the brand name Melting Point Extracts through a number of delivery systems; e-pens, cartridges and dabs.

Rather than combusting the cannabis product (whether it be flowers, hash, or oil), a vaporizer heats it just enough so that the cannabinoids activate, vaporize, and can then be inhaled. This method is preferable for those with breathing conditions, or those who simply do not want to actually smoke anything but still require the direct and immediate relief that inhalation provides compared to edible consumption. A popular variation on the vaporizer that has taken the cannabis (and nicotine) market by storm is the pen vaporizer, also known as an "e-vape".

The vape-pen is a small, portable vaporizer that uses either pre-filled concentrate cartridges or has a chamber to load your own concentrates or flower.

Dabbing refers to dropping concentrates onto a hot surface (nail, skillet, etc.) and inhaling the resulting vapor via a "rig", which is usually made of glass and sends the vapor through water.

Hydro-carbon concentrates are sold in one gram cartridges as crumble and shatter. Hydro-carbon is also sold in bulk in slab format.

Butane hash oil generally comes in two forms, shatter and wax (or crumble). Shatter is a texture of hash oil and refers to the transparent, shelf-stable oil which breaks into pieces rather than bending. The most popular choices of hydro-carbon concentrates on the market are either shatter or wax, which are on opposite ends of the spectrum when it comes to texture. Shatter tends to have a consistency ranging from sticky sap to a very stable, hard resin at room temperature and can have an appearance anywhere from a dark brown to nearly translucent. Wax on the other hand, tends to be completely dry and crumbly and is sometimes referred to as “honeycomb” because of its resemblance.

Products & Services - Sales, Marketing and Distribution

Dispensary Sales

The AZ Business, through CGX manages two fully licensed dispensaries, H4L and Soothing Options, both operating under Arizona law. Both dispensaries are fully licensed to sell a wide range of cannabis products directly to any of the over 100,000 Arizona patients authorized by the State. They sell the cannabis flower and cannabis oil produced internally along with third party products, edibles, paraphernalia, clothing etc. Both dispensaries opened and became fully operational on in December, 2014. The dispensaries are only permitted to sell to patients (or their caregivers) that are registered under the Arizona Medical Marijuana Program (the “AMMP”) and who hold proof of their registered status.

Wholesale Sales to Other Dispensaries

The AZ Business operates a separate wholesale division managed by Michael Montesano which sells its cannabis products to third party dispensaries throughout Arizona. The AZ Business sells useable marijuana in the form of flower or MPX branded cannabis oil products currently to approximately 40 of the 94 existing dispensaries operating in the State.

The primary sales and marketing goals for the medicinal market in Arizona is to increase awareness of the MPX’s product line and product offering, turning initial trials of MPX products into repeat purchases, introducing new products based on internal market research of patient wants and needs, advertising and consumer promotions. Management’s strategy to increase sales growth and market share gains in the Arizona and other medicinal cannabis markets include:

- (1) Achieving distribution of all product lines in every dispensary in the State of Arizona;
- (2) New product development through research and development efforts and introduction of new products;
- (3) Advertising in print, radio, celebrity endorsements, and social media;
- (4) Building business to business relationships to supply other manufacturers of other cannabis products with oils and concentrates produced by the AZ Business, and
- (5) Expanding the sales and marketing of the MPX brand to other states where cannabis products are legally sold by the acquisition of cannabis businesses in these states or by licensing production and sales of the brand to other producers.

Competitive Conditions

The market for flower and oil extraction products is fragmented. The AZ Business is considered one of the largest operators in Arizona and the largest producer of high quality cannabis extracts. MPX was recently selected as the Best Concentrate by the *Phoenix New Times* in September, 2016 and in November, 2016, MPX won the Herer Cup as Nevada's best hybrid concentrate. The large capital investment and the level expertise required to set up and operate a viable, large scale concentrate production capability make it difficult for smaller cannabis businesses to enter this sector of the market and most licensed operators in Arizona and throughout the country, tend to rely on other suppliers to provide them with an inventory of high-quality products with a recognized brand and market presence.

Components

The AZ Business sources raw materials for its MPX branded concentrates from its own greenhouse and indoor grow operations. Production costs of 1 gram of oil are approximately US \$6. These costs include labor and ingredients such as CO₂, utilities, testing and packaging. Flower is expected to commoditize over time, and at some point the Company may decide to use flower, in particular the lower grade of flower cultivated in the greenhouse environment, in the extraction process improving the conversion yield into oil extracts.

Intangible Properties

BCC and the AZ Business have certain proprietary intellectual property ("IP"), including but not limited to brands, trademarks, tradenames, recipes and proprietary processes. The company has US and Canadian patents for the extraction processes associated with two plant-based nutraceutical products CinG-X™ a powder formulated from highly-processed cinnamon extracts and specific ginsenosides extracted from panax ginseng used to help manage blood glucose levels and Psborberine™, a topical lotion the active ingredient in which is an extract from mahonia aquifolium.

BCC has been participating in a project with Ontario-based Loyola College to develop advanced extraction technologies for use in the production of Psborberine™ which may be transferable to the design and processing of new cannabis derivatives.

The AZ Business is in the process of trademarking the MPX brand name, logo and product marks.

Foreign Operations

To-date all of BCC's operations are in the United States and, as such, all of the Company's business is dependent on operations outside of Canada. The Corporation has applied for a license to produce and market cannabis products in Canada from a location in Owen Sound, Ontario and may expand its operations into Canada upon successful award of such a license.

Market – Arizona

As at May 31, 2016, there were 103,422 registered cardholders approved under the AMMA. Only those patients that are registered under the AMMA may legally purchase medical strength cannabis products. There are currently 95 licensed dispensaries in the State of Arizona permitted to cultivate and sell cannabis products to registered patients or their caregivers. The maximum number of dispensaries authorized under the AMMA is 126. A lottery was held in September, 2016 to issue up to 31 new dispensary licenses chosen from approximately 750 applications. BCC has learned of potential alleged improprieties in the lottery process and believes that litigation will result delaying the actual start-up of operations by the new licensees. Extended litigation could well delay the advent of new competition until well into 2018.

BCC believes that the AZ Business current enjoys a market share of approximately 6% of all sales in the state. An analysis of monthly sales volumes as reported by the Arizona Department of Health in its Monthly Reports indicates that sales by the AZ Business is increasing faster than total sales volume in the State suggesting that the business is attracting an increasing share of the total market. Management believes that high quality flower production, the rapid growth of sales of the MPX product line and a superior level of customer service at the two dispensaries combine to produce the favourable sales growth.

Arizona State Regulation

The AMMP is a state registry program regulated within the ADHS. The role of the ADHS is to administer the AMMA.

The AMMP allows individuals with a medical history of one or more qualifying illnesses and a doctor's written statement to apply for registration with the ADHS. Qualified applicants are issued a medical marijuana card and are known as "Patients", which entitles them to legally possess and cultivate cannabis, subject to certain limitations. A Patient registered under the AMMP is allowed to possess up to 2.5 grams of cannabis products. Patients are also permitted to designate another person as a "caregiver" ("**Caregiver**") on their behalf. Caregivers are individuals (other than a patient's attending physician) who are at least 21 years old and are responsible for managing the well-being of a Patient. Patients are limited to a single Caregiver who must be formally designated by the patient on the Patient's application for a registry identification card or other written notification to the AMMP. The Caregiver is issued a registry identification card allowing them to transport cannabis for the patient within the allowable limits, as long as the Caregiver is in possession of their registry identification card.

Funds Available

The average revenue of the BCC Corporate Group over the course of the last four (4) quarters is \$57 (US\$44) per month. As of December 31, 2016, the Corporation had working a capital deficit of \$555,900 (US\$423,543). See Section 5 – *Selected Consolidated Financial Information* and the Financial Statements and MD&A set out in Schedule "A" and "B", respectively, hereto.

The following table discloses the proceeds that were received or are expected to be available to the Corporation:

	Source of Proceeds	Proceeds
A.	Gross Proceeds of the Private Placement	\$35,481,809.12 (US\$27,033,759.33)
B.	Less: Cash Portion of the Purchase Price for the AZ Business	\$19,687,500.00 (US\$15,000,000.00)
C.	Less: Finders Fees	\$3,189,103.92 (US\$2,429,793.46)
D.	Less: Estimated Costs of the financings referred to above as well as completing the AZ Acquisition	\$250,000.00 (US\$190,476.19)
E.	Working Capital Position following the close of the AZ Acquisition and Concurrent Financing (the "Transactions")	\$2,742,055.31 (US\$2,089,185.00)
F.	Total	\$15,097,260.51 (US\$11,502,674.68)

Principal Purpose of Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds:

	Intended use of available funds listed in order of priority	Amount
A.	Build-out new dispensary/production/cultivation facility in Mesa, Arizona	\$6,562,500.00 (US\$5,000,000.00)
B.	Estimated General and Administrative Expenses from February 1, 2017 to July 31, 2018 ⁽¹⁾	\$1,968,750.00 (US\$1,500,000.00)
C.	Working Capital	\$6,566,010.51 (US\$5,002,674.68)
D.	Total: Equal to F in the Funds table above	\$15,097,260.51 (US\$11,502,674.68)

Note:

- (1) For the eighteen (18) months from February 1, 2017 to July 31, 2018. Monthly general and administrative expenses are estimated to be \$36,458.33 (US\$27,777.78) per month. The Corporation will also use revenues derived from the sale of Marijuana Products to pay for part of the general and administrative costs and to continue to build out the Corporation's facility and for general working capital purposes.

Short Term Objectives / Execution Plan

- (a) The Corporation's objectives for the next twelve (12) months are as follows:
- (1) Completely integrate the operations of the AZ Business with those of BCC in particular, strategic planning, banking accounting, payroll, investor relations, governance, public reporting and funding;
 - (2) Complete design and build-out of new cultivation/production/dispensary for Soothing Options in Mesa, Arizona;
 - (3) Exercise the option to purchase a controlling interest in GreenMart of Nevada, LLC, GreenMart of NLV LLC, Lucky Kitchen Edibles LLC as detailed in the Purchase Agreement; and
 - (4) Identify and acquire a dispensary license in the Las Vegas, Nevada area to complete a vertical integration of the Nevada business.
- (b) The following table outlines how the Corporation will achieve the objectives enumerated in paragraph (a) above as well as the anticipated timeline and costs associated with the achievement of the Corporation's short-term objectives:

What the Corporation must do and how it will do it	Target completion date	Our Maximum Cost to Complete
Complete, design and build out of new dispensary/production/cultivation facility in Mesa, Arizona	December, 2017	\$6,562,500.00 (US\$5,000,000.00)
Complete due diligence and market analysis in respect of the Nevada acquisition. If positive, negotiate purchase agreement of a controlling interest in the business.	December, 2017	\$12,468,750.00 (US\$9,500,000.00)
Complete due diligence in respect of additional management agreement with a third Arizona medical marijuana licensee and, if acceptable purchase zoned real estate for cultivation and build-out new dispensary facility.	February, 2017	\$5,578,125 (US\$4,250,000.00)

Long Term

Following the achievement of the Corporation's short term objectives listed above, the Corporation aims to identify and complete a series of no less than five (5) additional acquisitions or start-ups in the U.S. medical marijuana sector over the next twenty-four (24) to thirty-six (36) months at an aggregate cost of approximately US\$50 – 65 million, to be financed through internally generated funds and/or debt or further equity financing. The Corporation will also continue its efforts with Health Canada in respect of a license to become a producer of cannabis in Canada operating from its planned facility in Owen Sound, Ontario and if successful will launch that operation in 2018 at a cost of approximately US\$8 million, to be financed through internally generated funds and/or debt or further equity financing. These investments will support the Corporation's business plan to 2020.

5. Selected Financial Information

5.1 Annual Information

BCC

The summary presented below sets out selected financial information of BCC for the periods, and as at the dates, indicated and is derived from, and should be read in conjunction with, BCC's annual audited financial statements for the three (3) most recently completed financial years ended March 31, 2016, 2015 and 2014 and the respective notes thereto, "Consolidated Capitalization", and "Management's Discussion and Analysis" included elsewhere in this Listing Statement. All of the financial information presented below is prepared in accordance with IFRS:

	Year Ended March 31, 2016 CAD (Audited)	Year Ended March 31, 2015 CAD (Audited)	Year Ended March 31, 2014 CAD (Audited)
Revenue	\$5,960	\$7,138	Nil
Expenses	(\$1,649,132)	(\$599,526)	(74,202)
Net loss	(\$2,896,736)	(\$725,839)	\$6,633
Net loss per share – basic and diluted	(\$0.07)	(\$0.04)	\$0.00
As at			
Cash	\$8,135	\$320,027	\$13,730
Total assets	\$88,222	\$1,641,325	\$56,336
Total non-current liabilities	\$557,509	Nil	\$185,000

S8 Companies

The summary presented below sets out selected financial information of the S8 Companies for the periods, and as at the dates, indicated and is derived from, and should be read in conjunction with, the S8 Companies' annual audited financial statements for the two (2) most recently completed financial years ended December 31, 2015 and 2014 and the respective notes thereto, "Consolidated Capitalization", and "Management's Discussion and Analysis" included elsewhere in this Listing Statement. All of the financial information presented below is prepared in accordance with IFRS:

	Year Ended December 31, 2015 USD (Audited)	Year Ended December 31, 2014 USD (Unaudited)	Year Ended January 1, 2014 USD (Unaudited)
Total Operating Revenues	\$1,869,758	\$1,378,069	\$488,579
Total Operating Expenses	(\$117,505)	(\$151,836)	(\$5,370)
Net income	\$1,754,431	\$1,226,233	\$511,779
Net income per share - basic & diluted	N/A	N/A	N/A
As at			
Cash	\$4,814	\$63,641	\$60,719
Total assets	\$8,501,907	\$6,359,052	\$3,039,497
Total non-current liabilities	Nil	Nil	Nil

Summary Pro Forma Financial Information of the Corporation following the AZ Acquisition

The summary presented below sets out selected *pro forma* financial information of the Corporation as at September 30, 2016 and for the six month period ended September 30, 2016 and for the twelve month period ended March 31, 2016 and should be read in conjunction with the pro forma financial statements attached as Schedule “E” hereto, after giving effect to the S8 Acquisition:

	Six Months Ended September 30, 2016 CAD (Unaudited)	Year Ended March 31, 2016 CAD (Unaudited)
Revenue	\$1,368,806	\$2,529,704
General and administrative	(\$563,555)	(\$1,852,413)
Net income (loss)	\$567,974	(\$574,190)
Net income (loss) per share – basic	\$0.00	(\$0.00)
Net income (loss) per share – diluted	\$0.00	(\$0.00)
	At September 30, 2016 CAD (Unaudited)	
Cash	\$12,928,722	
Total assets	\$45,606,224	
Total non-current liabilities	\$14,061,663	

5.2 Summary of Quarterly Results

BCC

The summary presented below sets out selected financial information of BCC for the eight (8) most recently completed interim periods ended September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015, March 31, 2015 and December 31, 2014. All the financial information presented below is prepared in accordance with IFRS and is unaudited:

Interim Period Ended	September 30, 2016 CAD (Unaudited)	June 30, 2016 CAD (Unaudited)	March 31, 2016 CAD (Unaudited)	December 31, 2015 CAD (Unaudited)
Revenue	Nil	Nil	\$477	\$440
General and administrative expenses	(\$291,619)	(\$296,006)	(\$809,251)	(\$255,271)
Net income (loss)	(\$293,066)	(\$374,759)	(\$2,053,862)	(\$258,736)
Net (loss) per share – basic and diluted	(\$0.01)	(\$0.01)	(\$0.05)	(\$0.01)
As at				
Cash	\$9,646	\$14,399	\$8,135	\$43,127
Total assets	\$86,449	\$91,202	\$88,222	\$1,441,280
Total non-current liabilities	\$936,663	\$845,150	\$557,509	Nil

Interim Period Ended	September 30, 2015 CAD (Unaudited)	June 30, 2015 CAD (Unaudited)	March 31, 2015 CAD (Unaudited)	December 31, 2014 CAD (Unaudited)
Revenue	\$587	\$2,620	\$5,212	(\$354)
General and administrative expenses	(\$298,784)	(\$285,826)	(\$342,028)	(\$200,005)
Net income (loss)	(\$301,302)	(\$282,836)	(\$312,613)	(\$364,273)
Net (loss) per share – basic and diluted	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.02)
As at				
Cash	\$99,354	\$260,099	\$320,027	\$667,607
Total assets	\$1,622,914	\$1,721,725	\$1,641,325	\$1,879,166
Total non-current liabilities	Nil	Nil	Nil	\$99,326

S8 Companies

The summary presented below sets out selected financial information of the S8 Companies for the eight (8) most recently completed interim periods ended September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015, March 31, 2015 and December 31, 2014. All of the financial information presented below is prepared in accordance with IFRS and is unaudited:

Interim Period Ended	September 30, 2016 USD (Unaudited)	June 30, 2016 USD (Unaudited)	March 31, 2016 USD (Unaudited)	December 31, 2015 USD (Unaudited)
Total Operating Revenue	\$535,141	\$520,548	\$511,049	\$501,443
Total Operating Expenses	(\$34,404)	(\$25,700)	(\$70,876)	(\$43,549)
Net income (loss)	\$500,737	\$494,848	\$440,173	\$460,073
Net (loss) per share – basic and diluted	N/A	N/A	N/A	N/A
As at				
Cash	\$239,286	\$1,113	\$4,591	\$4,814
Total assets	\$9,175,446	\$8,718,505	\$8,759,712	\$8,501,907
Total non-current liabilities	Nil	Nil	Nil	Nil
Interim Period Ended	September 30, 2015 USD (Unaudited)	June 30, 2015 USD (Unaudited)	March 31, 2015 USD (Unaudited)	December 31, 2014 USD (Unaudited)
Total Operating Revenue	\$468,314	\$455,584	\$444,417	\$36,273
Total Operating Expenses	(\$23,770)	(\$19,824)	(\$30,362)	(\$95,052)
Net income (loss)	\$444,544	\$435,759	\$414,055	\$266,221
Net (loss) per share – basic and diluted	N/A	N/A	N/A	N/A
As at				
Cash	\$17,430	\$15,241	\$21,742	\$63,641
Total assets	\$8,095,320	\$7,675,403	\$7,173,181	\$6,359,052
Total non-current liabilities	Nil	Nil	Nil	Nil

5.3 Dividends

The Corporation has not paid any dividends in the past and has no plans to pay dividends in the immediate future as it is in the development stage.

5.4 Foreign GAAP

This section is not applicable to the Corporation.

6. Management's Discussion and Analysis

6.1 Annual MD&A

BCC

The Management's Discussion and Analysis ("MD&A") of PSI for the audited years ended March 31, 2016 and 2015 are attached to this Listing Statement as Schedule "B". The MD&A should be read in conjunction with BCC's audited financial statements for the years ended March 31, 2016 and 2015, together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "A".

S8 Companies

The MD&A of the S8 Companies for the audited years ended December 31, 2015 and 2014 are attached to the Listing Statement as Schedule "C". The MD&A should be read in conjunction with the S8 Companies audited financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "D".

6.2 Interim MD&A

BCC

The MD&A of the Corporation for the three and six month period ended September 30, 2016 is attached to this Listing Statement as Schedule "A". The MD&A should be read in conjunction with BCC's interim financial statements for the three and six month periods ended September 30, 2016, together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "B".

S8 Companies

The MD&A of the S8 Companies for the three and nine month period ended September 30, 2016 is attached to the Listing Statement as Schedule "C". The MD&A should be read in conjunction with the S8 Companies' interim financial statements for the three and nine month period ended September 30, 2016, together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "D".

7. Market for Securities

On December 23, 2016, the Corporation applied to voluntarily delist its Common Shares from the TSXV, and, at the close of business on January 17, 2017, the Common Shares were delisted from the TSXV.

Concurrently with the application to voluntarily delist the Units from the TSXV, the Corporation applied to list the 224,491,154 Common Shares, being all of the issued and outstanding Common Shares on the date hereof, on the CSE. The Common Shares have been conditionally approved for trading on the CSE and will commence trading on the CSE on January 27, 2017.

8. Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Corporation as at the date hereof based on the audited annual consolidated financial statements as at March 31, 2016, the interim consolidated financial statements as at September 30, 2016 and as of the date of this Listing Statement:

Designation of Security	Amount Outstanding as at March 31, 2016	Amount Outstanding as at September 30, 2016	Amount Outstanding as the date hereof
Common Shares			
Basic	41,269,553	41,949,553	224,491,154 ⁽¹⁾
Fully-Diluted	57,561,553 ⁽²⁾	57,859,713 ⁽³⁾	276,819,059 ⁽⁴⁾
Long Term Debt			
Convertible Debt	Nil	\$110,278.50 ⁽⁵⁾	\$110,278.50 ⁽⁵⁾
Non-Convertible Debt	Nil	Nil	US\$10,000,000 ⁽⁶⁾

Notes:

- (1) For additional information on the Private Placement, see Section 3.1 – *General Development of the Business – General Development – Financings* and 3.1 – *General Development of the Business – General Development – Acquisition of Arizona Medical Cannabis Management Group* and Section 3.2 – *General Development of the Business – Significant Acquisitions*.
- (2) Assuming the exercise of 332,000 stock options granted on September 11, 2011 and September 24, 2012 to certain directors of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the exercise of 13,000,000 remaining 2014 Warrants issued on December 15, 2014 pursuant to a non-brokered private placement. Each 2014 Warrant comprised part of a unit which consisted of one (1) 2014 Warrant and one (1) Common Share. Each 2014 Warrant is currently exercisable at a price of \$0.10 per Common Share until December 15, 2017 at which time the 2014 Warrants will expire. See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Warrants* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the exercise of 2,660,000 stock options granted on December 16, 2014 to certain consultants, employees and directors of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the exercise of 300,000 stock options granted on July 9, 2015 to certain officers of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

- (3) Assuming the exercise of 12,675,000 remaining 2014 Warrants issued on December 15, 2014 pursuant to a non-brokered private placement. Each 2014 Warrant comprised part of a unit which consisted of one (1) 2014 Warrant and one (1) Common Share. Each 2014 Warrant is currently exercisable at a price of \$0.10 per Common Share until December 15, 2017 at which time the 2014 Warrants will expire. See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Warrants* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the exercise of 2,305,000 stock options granted on December 16, 2014 to certain consultants, employees and directors of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the exercise of 300,000 stock options granted on July 9, 2015 to certain officers of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the conversion of £40,000 (\$72,742.50) of convertible debentures issued on April 4, 2016 pursuant to the first tranche of a private placement into up to 207,835 units at a price of not less than \$0.35 per unit. Each unit is comprised of one (1) Common Share (up to 207,835 Common Shares) and one (1) 2016 Debenture Warrant exercisable at a price of not less than \$0.65 per Common Share (up to 207,835 Common Shares issuable upon exercise of 2016 Debenture Warrants). See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the conversion of £20,000 (\$37,536.00) of convertible debentures issued on June 7, 2016 pursuant to the second and final tranche of a private placement into 107,245 units at a price of not less than \$0.35 per unit. Each unit is comprised of one (1) Common Share (up to 107,245 Common Shares) and one (1) 2016 Debenture Warrant exercisable at a price of not less than \$0.65 per Common Share (up to 107,245 Common Shares issuable upon exercise of 2016 Debenture Warrants). See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.

- (4) Assuming the exercise of 12,525,000 remaining 2014 Warrants issued on December 15, 2014 pursuant to a non-brokered private placement. Each 2014 Warrant comprised part of a unit which consisted of one (1) 2014 Warrant and one (1) Common Share. Each 2014 Warrant is currently exercisable at a price of \$0.10 per Common Share until December 15, 2017 at which time the 2014 Warrants will expire. See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Warrants* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the exercise of 2,105,000 stock options granted on December 16, 2014 to certain consultants, employees and directors of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the exercise of 300,000 stock options granted on July 9, 2015 to certain officers of the Corporation issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the conversion of £40,000 (\$72,742.50) of convertible debentures issued on April 4, 2016 pursuant to the first tranche of a private placement into up to 207,835 units at a price of not less than \$0.35 per unit. Each unit is comprised of one (1) Common Share (up to 207,835 Common Shares) and one (1) 2016 Debenture Warrant exercisable at a price of not less than \$0.65 per Common Share (up to 207,835 Common Shares issuable upon exercise of 2016 Debenture Warrants). See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the conversion of £20,000 (\$37,536.00) of convertible debentures issued on June 7, 2016 pursuant to the second and final tranche of a private placement into 107,245 units at a price of not less than \$0.35 per unit. Each unit is comprised of one (1) Common Share (up to 107,245 Common Shares) and one (1) 2016 Debenture Warrant exercisable at a price of not less than \$0.65 per Common Share (up to 107,245 Common Shares issuable upon exercise of 2016 Debenture Warrants). See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.

Assuming the exercise of 15,913,655 compensation options granted on January 19, 2017 to Chrystal Capital as part of a finder's fee related to the Concurrent Financing.

Assuming the exercise of 19,080,000 stock options granted on January 25, 2017 to certain officers, directors, consultants and employees of the Corporation and subsidiaries thereof issued pursuant to the Stock Option Plan. See Section 9 – *Options to Purchase Securities*.

Assuming the exercise of 1,774,090 Warrants issued to the consultants pursuant to the WI Consulting Agreement and in connection with the Concurrent Financing.

See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.

- (5) The Corporation completed the first tranche of a private placement of £40,000 (\$72,742.50) of convertible debentures on April 4, 2016 and the second and final tranche of the private placement of £20,000 (\$37,536.00) of convertible debentures on June 7, 2016. See Sections 3.1 – *General Development of the Business – General Development – Financings*, 10.1 – *Description of Securities – General – Convertible Debentures* and 10.6 – *Description of Securities – Prior Sales*.
- (6) Concurrently with the closing of the AZ Acquisition on January 19, 2017, CGX and the Corporation issued the AZ Promissory Note payable to the Trust in the principal amount of US\$10,000,000. The AZ Promissory Note has a three (3) year term and bears interest at the rate of eight percent (8%) per annum, such interest being cumulative but not compounded. Repayment of the AZ Promissory Note shall be secured by security interests in the Collateral granted by the Corporation and CGX and in favour of the Trust pursuant to the Security Agreement

9. Options to Purchase Securities

As of the date hereof, the following options to purchase the Common Shares are held by:

Category of Optionee	Number of Optionees	Date of Grant	Number of Common Shares	Market Value of Common Shares on the Date of Grant	Market Value of the Common Shares as of the close of business on January 25, 2017	Exercise Price	Expiry Date
Executive officers and past executive officers of the Corporation	2	Dec 16, 2014	500,000	\$0.07	\$0.105	\$0.05	Dec 16, 2017
	2	Jul 9, 2015	300,000	\$0.31	\$0.105	\$0.1875	Jul 9, 2017
	4	Jan 25, 2017	4,100,000	\$0.105	\$0.105	\$0.20	Jan 19, 2022
Directors and past directors of the Corporation who are not also executive officers of the Corporation	1	Dec 25, 2014	105,000	\$0.07	\$0.105	\$0.05	Dec 16, 2017
	1	Jan 25, 2017	150,000	\$0.105	\$0.150	\$0.20	Jan 19, 2022
Executive officers and past executive officers of all subsidiaries of the Corporation, who are not also executive officers, past executive officers, directors or past directors of the Corporation	1	Jan 25, 2017	3,500,000	\$0.105	\$0.105	\$0.20	Jan 25, 2022
	1	Jan 25, 2017	3,500,000	\$0.105	\$0.105	\$0.60	Jan 25, 2022
	1	Jan 25, 2017	3,500,000	\$0.105	\$0.105	\$1.00	Jan 25, 2022
Directors and past directors of all subsidiaries of the Corporation who are not also executive officers of the subsidiary of the Corporation, who are not also executive officers, past executive officers, directors or past directors of the Corporation	Nil	N/A	N/A	N/A	N/A	N/A	N/A
All other employees and past employees of the Corporation	2	Dec 16, 2014	1,000,000	\$0.07	\$0.105	\$0.05	Dec 16, 2017
	1	Jan 25, 2017	500,000	\$0.105	\$0.150	\$0.20	Jan 25, 2022
All other employees and past employees of the subsidiaries of the Corporation	79	Jan 25, 2017	2,930,000	\$0.105	\$0.105	\$0.20	Jan 25, 2022
All consultants of the Corporation	1	Dec 16, 2014	500,000	\$0.07	\$0.105	\$0.05	Dec 16, 2017
	2	Jan 25, 2017	900,000	\$0.105	\$0.105	\$0.20	Jan 25, 2022
Total			21,485,000				

10. Description of the Securities

10.1 General

Authorized and Issued Capital

The authorized share capital of the Corporation consists of an unlimited number of common shares in the capital of the Corporation (the “**Common Shares**”). As of the date of this Listing Statement, 224,491,154 Common Shares are issued and outstanding as fully paid and non-assessable shares.

Fully Diluted Capital

The following table sets forth particulars of the fully-diluted share capitalization of the Corporation as of the date hereof:

<u>Securities</u>	<u>Number of Common Shares</u>
Issued and Outstanding Common Shares	224,491,154
Common Shares issuable upon exercise of stock options	21,485,000
Maximum number of Common Shares issuable upon conversion of Debentures, including the exercise of the 2016 Debenture Warrants	630,160
Common Shares issuable upon exercise of the 2014 Warrants	12,525,000
Common Shares issuable upon exercise of the Compensation Options	15,913,655
Common Shares issuable upon exercise of the Warrants granted to the consultants pursuant to the WI Consulting Agreement and in connection with the Concurrent Financing	1,774,090
Total	<u>276,819,059</u>

Description of Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the BCC Board at its discretion and to receive, on a pro rata basis, the net assets of the Corporation after payment of debts and other liabilities. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. For a full description of the characteristics of the Common Shares of the Corporation, reference should be made to the articles of amendment and by-laws of the Corporation and the relevant provisions of the OBCA.

Warrants

2014 WARRANTS

Each 2014 Warrant issued on December 15, 2014 is currently exercisable to purchase one (1) Common Share at a price of \$0.10 until December 15, 2017.

The 2014 Warrants are non-transferable and will not be listed on the CSE or any other stock exchange. No fractional Common Shares will be issuable upon the exercise of any 2014 Warrants. The holders of the 2014 Warrants will not have any voting or any other rights which a holder of Common Shares would have.

2016 DEBENTURE WARRANTS

Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.

The 2016 Debenture Warrants are non-transferable and will not be listed on the CSE or any other stock exchange. No fractional Common Shares issuable upon the exercise of any 2016 Debenture Warrants. The holders of the 2016 Debenture Warrants will not have any voting or any other rights which a holder of Common Shares would have.

WARRANTS ISSUABLE TO THE CONSULTANTS UNDER THE WI CONSULTING AGREEMENT

Each Warrant issued on January 19, 2017 to the consultants under the WI Consulting Agreement and in connection with the Concurrent Financing is currently exercisable to purchase one (1) Common Share at a price of \$0.20 until January 22, 2022.

The Warrants are non-transferable and will not be listed on the CSE or any other stock exchange. No fractional Common Shares will be issuable upon the exercise of any Warrants. The holders of the Warrants will not have any voting or any other rights which a holder of Common Shares would have.

Compensation Options

Each Compensation Option issued Chrystal Capital on January 19, 2017 is exercisable to purchase one (1) Common Share at a price of \$0.20 for a period of five (5) years from the date of issue.

The Compensation Options are non-transferable and will not be listed on the CSE or any other stock exchange. No fractional Common Shares will be issuable upon the exercise of any Compensation Option. The holders of the Compensation Options, Chrystal Capital will not have any voting or any other rights which a holder of Common Shares would have.

Convertible Debentures

The Debentures pay 6% interest per annum, calculated and paid annually, and mature three (3) years from the date of issuance. The Debentures are convertible into Debenture Units at the option of the subscriber at any time until maturity at a price of either: (a) \$0.35 per unit with each unit comprised of one (1) Common Share and one (1) 2016 Debenture Warrant of the Corporation or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35. Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.

The Debentures will not be listed on the CSE or any other stock exchange. No fractional Common Shares will be issuable upon the conversion of any Debentures or underlying 2016 Debenture Warrants. Holders of the Debentures will not have any voting or any other rights which a holder of Common Shares would have.

10.2 Debt Securities

The Corporation is only seeking a listing of the Common Shares and not a listing of any other securities, including, but, not limited to, debt securities.

10.3 Other Securities

The Corporation is only seeking a listing of the Common Shares and not a listing of any other securities, including, but, not limited to, including other equity securities or debt securities.

10.4 Modification of Terms

(a) *Alterations to Rights of Common Shares*

The rights and restrictions attached to the Common Shares may be modified, amended or varied by special resolution of the shareholders, unless otherwise specified in the OBCA.

(b) *Other Methods of Modifying Rights of Common Shares*

There are no methods of modifying the rights of the Common Shares, other than as set out in this Listing Statement.

10.5 Other Attributes

No other class of securities ranks ahead of the Common Shares, nor are the rights attached to the Common Shares materially limited or qualified by the rights of any other class of securities.

10.6 Prior Sales

Common Shares

Within the twelve (12) months prior to the date of this Listing Statement, the Corporation issued the following securities:

Date	Type of Security	Price per Security (approximate)	Number of Common Shares
April 4, 2016	Convertible Debentures	\$0.35 ⁽¹⁾	415,670 ⁽¹⁾
June 7, 2016	Convertible Debentures	\$0.35 ⁽²⁾	214,490 ⁽²⁾
January 19, 2017	Common Shares	\$0.20	177,409,011 ⁽³⁾
January 19, 2017	Compensation Options	\$0.20	15,913,655 ⁽⁴⁾
January 19, 2017	Common Shares	\$0.20	4,274,090 ⁽⁵⁾
January 19, 2017	Warrants	\$0.20	1,774,090 ⁽⁵⁾
January 25, 2017	Common Shares	\$0.20	508,500 ⁽⁶⁾
January 25, 2017	Common Shares	\$0.10	150,000 ⁽⁷⁾
January 25, 2017	Common Shares	\$0.05	<u>200,000</u> ⁽⁸⁾
Total			200,859,506

Notes:

- (1) On April 4, 2016, the Corporation borrowed an aggregate of £40,000 (\$72,742.50) pursuant to the first tranche of a private placement of the Debentures which are convertible into a maximum of 207,831 units convertible into units at the option of the subscriber at any time until maturity at a price of either: (a) \$0.35 per unit with each unit comprised of one (1) Common Share and one (1) 2016 Debenture Warrant of the Corporation; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35. Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.
- (2) On June 7, 2016, the Corporation borrowed an aggregate of £20,000 (\$37,536.00) pursuant to the second and final tranche of a private placement of the Debentures which are convertible into a maximum of 107,245 units convertible into units at the option of the subscriber at any time until maturity at a price of either: (a) \$0.35 per unit with each unit comprised of one (1) Common Share and one (1) 2016 Debenture Warrant of the Corporation; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35. Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.

- (3) On January 19, 2017, concurrently with the closing of the AZ Business, the Corporation completed a private placement of 177,409,011 Common Shares at a price of \$0.20 per Common Share for aggregate gross proceeds of US\$27,033,759.33. The Corporation determined the number of Common Shares issuable pursuant to this Concurrent Financing by deeming the United States dollar / Canadian dollar currency conversion rate applicable for the issuance of Common Shares as 1.3125 Canadian dollars for each US\$1.00 resulting in approximately \$35,481,809.12 for the US\$27,033,759.33 aggregate gross proceeds raised pursuant to the Current Financing.
- (4) In connection with the Concurrent Financing, the Corporation issued compensation options to acquire 15,913,655 Common Shares in the Corporation at an exercise price of \$0.20 per Common Share for a period of sixty (60) months from the closing date of the Transactions.
- (5) In connection with the Concurrent Financing, the Corporation, in lieu of cash payments payable to the consultants under the WI Consulting Agreement, issued to the consultants, as an advisory fee equal to one percent (1%) of the Concurrent Financing that was not directly sourced by the consultants, 1,774,090 Common Shares and 1,774,090 Warrants exercisable at a price of \$0.20 per Common Share for a period of sixty (60) months from the closing date of the Transactions and 2,500,000 Common Shares to the consultants as a success fee at a price of \$0.20 per Common Share.
- (6) On January 25, 2017, the Corporation issued 508,500 Common Shares at a deemed price of \$0.20 per Common Share to a lawyer engaged by the Corporation pursuant to a retainer agreement dated February 19, 2016 as consideration for legal services provided in connection with the Transactions.
- (7) On January 25, 2017, a holder exercised 150,000 2014 Warrants into Common Shares at an exercise price of \$0.10 per Common Share.
- (8) On January 25, 2017, a certain officer and directors exercised 200,000 stock options into Common Shares an exercise price of \$0.05 per Common Share.

10.7 Stock Exchange Price

The Corporation's Common Shares were listed and posted for trading on the TSXV under the trading symbol "BCC" until the close of business on January 17, 2017. On January 27, 2017, the Corporation's Common Shares will commence trading on the CSE under the trading symbol "BCC". The following table outlines the high and low share price trading range for Common Shares and volume of Common Shares traded according to the periods set out below:

Common Share Price per share Volumes Traded (in Canadian dollars)				
Market	Period	High	Low	Volume
TSXV	October 2014 – December 2014	\$0.235	\$0.05	145,606
TSXV	January 2015 – March 2015	\$0.35	\$0.05	596,790
TSXV	April 2015 – June 2015	\$0.31	\$0.15	505,320
TSXV	July 2015 – September 2015	\$0.48	\$0.205	536,674
TSXV	October 2015 – December 2015	\$0.455	\$0.115	1,103,767
TSXV	January 2016 – March 2016 ⁽¹⁾	\$0.20	\$0.10	255,254
TSXV	April 2016 – June 2016	\$0.105	\$0.105	Nil
TSXV	July 2016	\$0.105	\$0.105	Nil
TSXV	August 2016	\$0.105	\$0.105	Nil
TSXV	September 2016	\$0.105	\$0.105	Nil
TSXV	October 2016	\$0.105	\$0.105	Nil
TSXV	November 2016	\$0.105	\$0.105	Nil
TSXV	December 2016	\$0.105	\$0.105	Nil
TSXV	January 1, 2017 – January 17, 2017 ⁽²⁾	\$0.105	\$0.105	Nil

Notes:

- (1) On January 25, 2016, the trading of the Common Shares was halted at the request of the Corporation pending the dissemination of appropriate documentation related to the AZ Business.
- (2) At the close of business on January 17, 2017, the Common Shares were delisted from the TSXV.

11. Escrowed Securities

As of the date hereof, none of the Common Shares are held in escrow.

12. Principal Shareholders

As of the date hereof, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, voting securities carrying ten (10%) percent or more of the voting rights attached to any class of voting securities of the Corporation.

13. Directors and Officers**13.1 Name, Address, Occupation and Security Holdings**

The following table sets out the names of the directors and officers of the Corporation, the province or state, and country in which each is ordinarily resident, all offices of the Corporation held by each of them, their principal occupations and the number of Common Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised:

Name & Municipalities of Residence	Position with the Corporation and Date First Appointed and Principal Occupation During Last 5 years	Number of Common Shares Beneficially Held upon completion of the Transaction⁽¹⁾	Percentage of Common Shares Beneficially Held upon completion of the Transaction
Marilyn H. Bloovol ⁽⁵⁾⁽⁶⁾ <i>Toronto, Ontario</i>	Chairperson, BCC Since November 18, 2014 Director, BCC Since June, 1981 President & Chief Executive Officer, BCC Until November 24, 2014	2,714,442 ⁽²⁾	1.21% (basic) / 1.12% (fully diluted)

Name & Municipalities of Residence	Position with the Corporation and Date First Appointed and Principal Occupation During Last 5 years	Number of Common Shares Beneficially Held upon completion of the Transaction ⁽¹⁾	Percentage of Common Shares Beneficially Held upon completion of the Transaction
W. Scott Boyes ⁽⁴⁾⁽⁶⁾ <i>Toronto, Ontario</i>	President & Chief Executive Officer, BCC Since November 24, 2014 Director, BCC Since November 18, 2014 President, CGX June 28, 2013 to January 19, 2017 President, NCD Associates, Since August, 2008	3,916,200	1.74% (basic) / 2.75% (fully diluted)
David J. Layman ⁽⁴⁾⁽⁵⁾⁽⁶⁾ <i>Superior, Colorado</i>	Director, BCC Since November 18, 2014 Financial Consultant to the Mining and Exploration Industry	141,000 ⁽³⁾	0.06% (basic) / 0.14% (fully diluted)
Randall G. Stafford ⁽⁵⁾ <i>Toronto, Ontario</i>	Chief Financial Officer, BCC Since December 1, 2016 Director, BCC Since December 16, 2014 Vice President, Finance Cushman & Wakefield, Inc., June, 2014 to July, 2016 Realtor, Royal LePage Real Estate Service Ltd., Johnston & Daniel Division, Brokerage November, 2013 to June, 2014 Director of Operations and Fulfillment, First Canadian Title November, 2010 to February, 2013	250,000	0.11% (basic) / 0.14% (fully diluted)

Name & Municipalities of Residence	Position with the Corporation and Date First Appointed and Principal Occupation During Last 5 years	Number of Common Shares Beneficially Held upon completion of the Transaction ⁽¹⁾	Percentage of Common Shares Beneficially Held upon completion of the Transaction
Elizabeth M. Stavola Red Bank, New Jersey	President, CGX Since January 19, 2017 Founder and Business Development, Stavola Medical Marijuana Holdings, Health for Life Inc., GreenMart of Nevada, GreenMart of Maryland, Elemental Health Group of Pennsylvania, and CBD For Life.	Nil	Nil (basic) / 3.79% (fully diluted)
Donald P. Stott ⁽⁴⁾ Mississauga, Ontario	Director, BCC Since November 8, 1998 Chief Financial Officer, BCC July 22, 2014 – December 1, 2016 Retired, Since June, 1996	Nil	Nil (basic) / 0.14% (fully diluted)

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
- (2) The Common Shares are held by Marilyn H. Bloovol and her children as follows: (a) 2,211,559 registered to Ms. Bloovol; and (b) 500,100 owned by Legacy Research Corporation (Ms. Bloovol is the controlling shareholder and a director).
- (3) The Common Shares that are held in trust for the benefit of Mr. Layman by his brother T. Lloyd Layman.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Corporate Governance and Nominating Committee.

13.2 Term of Directorship

All of the directors of the Corporation have been appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

13.3 Voting Interest of Directors and Officers as a Group

As a group, the directors and officers of the Corporation hold an aggregate of 6,984,559 Common Shares, representing 3.13% of the issued and outstanding Common Shares.

13.4 Board Committees

The BCC Board has established three (3) standing committees: (1) an audit committee (the “**Audit Committee**”); (2) a compensation committee (the “**Compensation Committee**”); and (3) a corporate governance and nominating committee (the “**Corporate Governance and Nomination Committee**”). A brief description of each committee is set out below:

Audit Committee

The Audit Committee assists the BCC Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee recommends the auditors to be nominated and reviews the compensation of the auditors. The Audit Committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of our public disclosure of financial information extracted or derived from the Corporation’s financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current members of the Audit Committee are W. Scott Boyes, David J. Layman (Chair) and Donald P. Stott.

Compensation Committee

The Compensation Committee assists the BCC Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Corporation’s executive officers. In addition, the Compensation Committee is charged with reviewing the employee stock option plan and proposing changes thereto, approving any awards of options under the employee stock option plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation’s executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the BCC Board annually (or more frequently as required) on the Corporation’s succession plans for its executive officers. The current members of the Compensation Committee are W. Marilyn H. Bloovol, David J. Layman (Chair) and Randall G. Stafford.

Each of the members of the Compensation Committee has direct experience that is relevant to their responsibilities regarding executive compensation of the Corporation. Specifically, Messrs. Boyes, Layman and Stafford, have experience acting as directors or executives of other companies. Accordingly, as a result of this collective experience, the Compensation Committee has knowledge of typical day-to-day responsibilities and challenges faced by the Corporation’s management team, the role of a BCC Board in reviewing the executive compensation of a reporting issuer, and, all of which are beneficial to the committee in the context of its review of the Corporation’s compensation policies and practices.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee assists the BCC Board in fulfilling its responsibilities for corporate governance. The Corporate Governance and Nominating Committee provides a focus on corporate governance to enhance corporate performance and ensure, on behalf of the BCC Board and shareholders, that the Corporation’s governance system is effective. The Corporate Governance and Nominating Committee’s duties and responsibilities include assessing and making recommendations regarding BCC Board effectiveness, reviewing the size and composition of the BCC Board, its general responsibilities and functions, the organization and responsibilities of BCC Board committees and the operations and procedures of the BCC Board as well as for establishing a process for identifying, recruiting, appointing, re-appointing and providing ongoing development for directors. The current members of the Committee are Marilyn H. Bloovol (Chair), W. Scott Boyes, and David J. Layman.

13.5 Principal Occupation of Directors and Officers

Other than as disclosed herein, no director or officer of the Corporation has a principal occupation as a director or officer of a company other than the Corporation:

Name of Director or Officer	Market	Name of Other Company
Marilyn H. Bloovol	N/A	None
W. Scott Boyes	N/A	None
David J. Layman	N/A	None
Randall G. Stafford	N/A	None
Elizabeth M. Stavola	N/A	None
Donald P. Stott	N/A	None

13.6 Cease Trade Orders and Bankruptcy

Other than as set out in this Listing Statement, no director or officer of the Corporation or, to the Corporation's knowledge, no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within ten (10) years before the date of the Listing Statement has been, a director or officer of any other company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than thirty (30) consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days;
- (c) 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; or
- (d) within a year of that person ceasing to act in that capacity, 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.

*Cease Trade Order and Proposal under the Bankruptcy and Insolvency Act (Canada) in respect of GLR Resources Inc. (since renamed Mistango River Resources Inc. ("**Mistango**"))*

Mr. Layman, the former Chief Financial Officer and Co-Chief Executive Officer of Mistango which was subject to cease trade orders issued by the Ontario Securities Commission and the British Columbia Securities Commission on April 14, 2009, the Autorité des Marchés financiers du Québec on April 15, 2009, and the Alberta Securities Commission on November 13, 2009. Such orders were issued as a result of Mistango's failure to file audited annual financial statements, management's discussion and analysis, Chief Executive Officer and Chief Financial Officer certificates and its annual information form for the year ended December 31, 2008, which was caused by financial difficulties experienced by Mistango as a result of its inability to raise funds due to the market conditions in 2008.

Effective September 27, 2010, the Ontario Securities Commission revoked its permanent cease trade order on trading in Mistango's shares. By September 30, 2010, all securities commissions had provided similar revocations.

On May 29, 2009, Mistango filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and on June 5, 2009, it filed a proposal under the BIA with the Official Receiver (including minor amendments made on July 20, 2009, the "**Proposal**"). On August 18, 2009, the Ontario Court approved the Proposal and the sale of Mistango's Goldfields assets and surrounding exploration properties to Linear Gold Corp.

During September 2009 and during the quarter ended December 31, 2009, the Proposal trustee, with the exception of one disputed claim in the amount of \$360,000 plus unspecified costs, settled all proved creditor claims and legal fees arising before and during the BIA process. The one disputed claim was settled during May 2010.

*Cease Trade Order in respect of Diadem Resources Limited ("**Diadem**")*

Mr. Layman, the Vice-President, Finance of Diadem which was subject to cease trade orders issued by the Ontario Securities Commission on October 9, 2012, the British Columbia Securities Commission on October 5, 2012, the Autorité des Marchés financiers du Québec on October 18, 2012 and the Alberta Securities Commission on January 17, 2013. The cease trade orders remain in effect as of the date hereof.

The deficiencies in the filing of the required financial and various other continuous disclosure documents is a consequence of financial distress resulting in the inability of Diadem to pay its auditor for services that would lead to the release of Diadem's audited consolidated financial statements.

*Cease Trade Order in respect of Periscope Investments Limited ("**Periscope**")*

Ms. Bloovol was a member of the board of directors of Periscope when it requested in the late 1990's and was issued a cease trade order by the Alberta Securities Commission. In June, 2014 Ms. Bloovol resigned from the board of directors of Periscope.

13.7 Penalties/Sanctions Imposed on Directors/Officers

Other than as set out in this Listing Statement, no director or officer of the Corporation, or, to the Corporation's knowledge, no shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Bankruptcy of Director/Officer

No director or officer of the Corporation, or, to the Corporation's knowledge, no shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the ten (10) years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 the director or officer.

13.9 Conflicts of Interest

The directors and officers of the Corporation also serve as directors and/or officers of other companies and may be presented, from time to time, with situations or opportunities which give rise to apparent conflicts of interest. All conflicts of interest will be resolved in accordance with the OBCA and the fiduciary duties of the Corporation's directors and officers.

13.10 Management

Marilyn H. Bloovol, 62

Marilyn H. Bloovol is the Chairperson and a director of the Corporation and devotes approximately 5% of her time towards the business of the Corporation as an employee of the Corporation. Her responsibilities include the management and leadership of the BCC Board and is the direct liaison between the BCC Board and management of the Corporation, through W. Scott Boyes, President and Chief Executive Officer of the Corporation. Ms. Bloovol sits on the Corporation's Compensation Committee and Corporate Governance and Nominating Committee.

Ms. Bloovol has a combined 35 years' experience as a securities and corporate lawyer, financial adviser and insurance representative. She has been retained as a management consultant to The Goldwater Taplin Group which provides representation and consultation in the insurance industry. Ms. Bloovol's expertise includes financing, mergers and acquisitions, negotiating transactions and regulatory compliance for corporations and financial review, comprehensive assessment and planning for individuals and families. She has served as an officer, director and corporate counsel to numerous public and private companies. Ms. Bloovol received her Bachelor of Arts degree from the University of Toronto, her Juris Doctor from Osgoode Hall Law School and is a member of the Law Society of Upper Canada.

Ms. Bloovol has not entered into a non-disclosure or a non-competition agreement with the Corporation.

W. Scott Boyes, 66

W. Scott Boyes is the President, Chief Executive Officer and a director of the Corporation and devotes 100% of his time towards the business of the Corporation as an employee of the Corporation. His responsibilities include leadership of the Corporation, including, but not limited to, the general management, strategy and expansion of the BCC Corporate Group. Mr. Boyes sits on the Corporation's Audit Committee and Corporate Governance and Nominating Committee.

Mr. Boyes is a seasoned senior executive with diversified and cross-functional experience, combining MBA credentials with a strong career background in revenue development and general management. Prior to the CGX Acquisition, Mr. Boyes was President of CGX where he focused on general management of CGX. Since August, 2008, Mr. Boyes has been President of NCD Associates, where he focused his consulting services on financial restructuring, and revenue enhancement and streamlining business processes for distressed or high growth companies. In 2005, Mr. Boyes founded and developed Railcrew Xpress Corporation, a specialized passenger transportation company servicing U.S. railroads, and served as its President until 2008. There, he developed and led the sales and customer service teams, managed the acquisition and integration of three competitor companies and developed and deployed sophisticated dispatch, tracking and reporting technology. From 2000 to 2005, Mr. Boyes served as President and Chief Executive Officer of Hallcon Corporation where he was responsible for the senior executive management of the company and its operating subsidiaries. Previously, he served as a Vice President a large Canadian Bank and Vice President and General manager of a business unit within a multinational commercial finance company always with a focus on marketing and revenue development.

Mr. Boyes entered into a non-disclosure and a non-competition agreement with the Corporation pursuant to the Current Boyes Employment Agreement. See Section 22 – *Material Contracts – Current Boyes Employment Agreement*.

David J. Layman, 71

David J. Layman is a Director of the Corporation and devotes approximately 5% of his time towards the Corporation. Mr. Layman sits on the Corporation's Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee.

Mr. Layman is currently a financial consultant to the mining and exploration industry. Mr. Layman has served in varying financial capacities during the past 28 years with Placer Dome Inc., MinVen Gold Corporation, Goldfields (USA), Greenstone Resources Ltd., World Wide Minerals Ltd., Khan Resources Inc. and Diadem Resources Ltd. Each of these positions has given Mr. Layman increased experience in international mining and capital markets. Recently, Mr. Layman served in a consulting capacity in taking UrAsia Energy Ltd. public and subsequently merging UrAsia Energy with SXR Uranium One Inc. to form Uranium One Inc. Mr. Layman served in the capacity of Senior Vice-President, CFO and Co-CEO of GLR Resources Inc. Mr. Layman is also a Chartered Accountant, registered in Ontario.

Mr. Layman has not entered into a non-disclosure or a non-competition agreement with the Corporation.

Randall G. Stafford, 55

Randall G. Stafford is the Chief Financial Officer and a director of the Corporation and devotes approximately 10% of his time towards the business of the Corporation as an employee of the Corporation. Mr. Stafford's responsibilities include all financial and accounting matters including preparation of interim and annual financial statements, continuous disclosure filing requirements and filing corporate tax returns. Mr. Stafford sits on the Corporation's Compensation Committee.

Mr. Stafford is was the Vice President of Finance, Cushman & Wakefield, Inc., the world's largest privately owned international commercial real estate firm, between June, 2014 and July, 2016. Previously, Mr. Stafford was a realtor at Royal LePage Real Estate Service Ltd., Johnston & Daniel Division, Brokerage between November 2013 and June 2014 and continues to hold his real estate licence in the Province of Ontario. Mr. Stafford was the Director of Operations and Fulfillment, First Canadian Title, one of Canada's largest providers of title insurance and backend processing operations for residential and commercial real estate transactions, a division of one of the world's largest title insurance providers, First American Title Company, between November 2010 and February 2013.

Mr. Stafford received an Masters of Business Administration from Rotman School of Business at the University of Toronto, and holds his Certified Management Accountant and Chartered Professional Accountant designations.

Mr. Stafford entered into a non-disclosure and a non-competition agreement with the Corporation pursuant to the Stafford Employment Agreement. See Section 22 – *Material Contracts – Stafford Employment Agreement*.

Elizabeth M. Stavola, 46

Elizabeth M. Stavola is the President of CGX and devotes 90% of her time towards the business of the Corporation as an employee of CGX. Her responsibilities include managing all of CGX's operations in the United States.

Ms. Stavola the founder of Stavola Medical Marijuana Holdings, Health for Life Inc., GreenMart of Nevada, GreenMart of Maryland, Elemental Health Group of Pennsylvania, and CBD For Life. She has been the driving force behind the development of these thriving cannabis businesses into profitable, strong brands. Prior to her successful career in the cannabis industry, Ms. Stavola was a senior Wall Street executive, where she spent most of her career at Jefferies and Company, most recently as Senior Vice President, Institutional Equity Sales.

In 1992, Ms. Stavola received a Bachelor of Science in Finance and Economics from Monmouth University.

Ms. Stavola entered into a non-disclosure and a non-competition agreement with CGX and the Corporation pursuant to the Stavola Employment Agreement. See Section 22 – *Material Contracts – Stavola Employment Agreement*.

Donald P. Stott, 68

Donald P. Stott is a Director of the Corporation and devotes approximately 5% of his time towards the Corporation. Mr. Stott sits on the Corporation's Audit Committee.

Mr. Stott retired in June 1996 after a career in which he worked as a stock broker for over 18 years as a financial consultant for private and public companies.

Mr. Stott has not entered into a non-disclosure or a non-competition agreement with the Corporation.

14. Capitalization

14.1 Issued Capital

To the best knowledge of the Corporation, the following table sets out the number of the Common Shares available in the Corporation's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis, as of the date hereof, pursuant to the size of the shareholder's holding:

	Number of Securities		Percentage of Issued	
	Non-Diluted	Fully Diluted	Non-Diluted	Fully Diluted
<u>PUBLIC FLOAT</u>				
(A) Total outstanding	224,491,154	276,819,059	100%	100%
(B) Held by Related Persons or employees of the Corporation or Related Persons of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% of voting position in the Corporation (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation upon exercise or conversion of other securities held)	59,521,642	92,777,946	26.51%	33.46%
(A-B) Total Public Float	164,969,512	184,041,113	73.49%	66.54%
<u>FREELY-TRADEABLE FLOAT</u>				
(C) Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders	182,191,601	218,959,346	81.86%	79.10%
(A-C) Total Tradeable Float	42,299,553	57,848,713	18.14%	20.90%

14.2 Public Securityholders (Registered)

To the best knowledge of the Corporation, the following table sets out the breakdown of the registered shareholders of the Corporation as of the date hereof, pursuant to the size of the shareholder's holding. For the purposes of this table, registered holders are persons other than persons enumerated in section (B) of the Issued Capital table above:

Class of Security: Common Shares		
<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99	17	541
100 – 499	20	4,106
500 – 999	20	12,390
1,000 – 1,999	58	70,644
2,000 – 2,999	35	77,677
3,000 – 3,999	17	55,222
4,000 – 4,999	21	88,430
5,000 or more	348	223,311,649
Unable to confirm	<u>Unknown</u>	<u>870,495</u>
	536	164,969,512

14.3 Public Securityholders (Beneficial)

To the best knowledge of the Corporation, the following table sets out the number of holders and securities of (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Corporation has been given written confirmation of shareholdings, as of the date hereof, pursuant to the size of the shareholder's holding:

Class of Security: Common Shares		
<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99	17	541
100 – 499	20	4,106
500 – 999	20	12,390
1,000 – 1,999	58	70,644
2,000 – 2,999	35	77,677
3,000 – 3,999	17	55,222
4,000 – 4,999	21	88,430
5,000 or more	362	223,311,649
Unable to confirm	<u>Unknown</u>	<u>870,495</u>
	550	224,491,154

14.4 Non-Public Securityholders (Registered)

To the best knowledge of the Corporation, the following table sets out the number of holders and securities of non-public security holders of the Corporation as of the date hereof, pursuant to the size of the shareholders holding. For the purposes of this table, non-public security holders are persons enumerated in section (B) of the Issued Capital table:

Class of Security: Common Shares		
<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99	Nil	Nil
100 – 499	Nil	Nil
500 – 999	Nil	Nil
1,000 – 1,999	Nil	Nil
2,000 – 2,999	Nil	Nil
3,000 – 3,999	Nil	Nil
4,000 – 4,999	Nil	Nil
5,000 or more	<u>14</u>	<u>59,521,642</u>
Total	14	59,521,642

14.5 Securities Convertible or Exchangeable into Common Shares

The following table sets out a description of securities that are convertible or exchangeable into listed securities of the Corporation as of the date hereof:

Description of Security	Number of Securities Outstanding	Number of Common Shares issuable upon exercise
Stock options granted on December 16, 2014 at an exercise price of \$0.05 and expiring on December 16, 2017	2,105,000	2,105,000
Stock options granted on July 9, 2015 at an exercise price of \$0.1875 and expiring on July 9, 2017	300,000	300,000
Stock options granted on January 25, 2017 at an exercise price of \$0.20 and expiring on January 25, 2022	12,080,000	12,080,000
Stock options granted on January 25, 2017 at an exercise price of \$0.60 and expiring on January 25, 2022	3,500,000	3,500,000
Stock options granted on January 25, 2017 at an exercise price of \$1.00 and expiring on January 25, 2022	3,500,000	3,500,000
2014 Warrants issued on December 15, 2014 and currently each 2014 Warrant is exercisable to purchase one (1) Common Share at an exercise price of \$0.10 per Common Share until December 15, 2017	12,525,000	12,525,000
Convertible debentures issued on April 4, 2016 in the aggregate loan amount of £40,000 (\$72,742.50) and convertible into units until the maturity date of April 4, 2019 at the deemed conversion price of not less than \$0.35 per unit ⁽¹⁾	£40,000 (\$72,742.50) ⁽¹⁾	415,670 ⁽¹⁾⁽²⁾
Convertible debentures issued on June 7, 2016 in the aggregate loan amount of £20,000 (\$37,536.00) and convertible into units until the maturity date of June 7, 2019 at the deemed conversion price of not less than \$0.35 per unit ⁽¹⁾	£20,000 (\$37,536.00) ⁽¹⁾	214,490 ⁽¹⁾⁽²⁾
Compensation Options issued on January 19, 2017 in connection with the Concurrent Financing with each option is exercisable to purchase one (1) Common Share at an exercise price of \$0.20 per Common Share for a period of five (5) years from the date of issue	15,913,655	15,913,655
Warrants issued on January 19, 2017 to the consultants pursuant to the WI Consulting Agreement and in connection with the Concurrent Financing with each Warrant to purchase one (1) Common Share at an exercise price of \$0.20 per Common Share for a period of five (5) years from the date of issue	1,774,090	1,774,090
Total:		52,327,905

Notes:

- (1) The convertible debentures are convertible at the option of the subscriber at any time until maturity at a price of either: (a) \$0.35 per unit with each unit comprised of one (1) Common Share and one (1) 2016 Debenture Warrant of the Corporation; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35. Each 2016 Debenture Warrant entitles the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.
- (2) Includes the exercise of the 2016 Debenture Warrants with each 2016 Debenture Warrants entitling the holder thereof to purchase one (1) Common Share for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Common Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65.

14.6 Details of any Common Shares Reserved for Issuance that are not included in Section 14.5

There are no listed securities reserved for issuance that are not included in Section 14.5 above.

15. Executive Compensation

The Corporation's statement of executive compensation is attached as Schedule "F" hereto.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

None of the executive officers, directors or employees of the Corporation are or have been indebted to the Corporation at any time, or are or have been indebted to another entity at any time, for the purchase of securities, or where that indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement of understanding provided by the Corporation or a subsidiary of the Corporation.

16.2 Indebtedness of Directors and Officers under Programs

There are no programs of the Corporation pursuant to which the Corporation's directors or officers incurred any debt owed to the Corporation.

17. Risk Factors

The purchase of the Common Shares, or securities convertible into Common Shares, involves a number of risk factors and is suitable only for investors who are aware of the risks inherent in a new business and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on an investor's investment.

The Corporation advises that prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing the Common Shares, or securities convertible into Common Shares, in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

In addition to the factors set forth elsewhere in this Listing Statement prospective investors should consider the following before purchasing the Common Shares, or securities convertible into Common Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Business and/or return to the investors.

17.1 Investment Risks

Risks that are specific to the Common Share include the following:

Market Price and Volatility of Common Shares

Securities have experienced an extreme level of price and volume volatility over the past few of years and the market price of securities of many companies has experienced wide fluctuations which, in many cases, have not necessarily been related to the performance, underlying asset values or prospects of such companies. The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations and, therefore, may result in losses to investors. In addition, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's business, condition, prospects and reputation.

Internal Controls

The failure to implement and maintain proper and effective internal controls and disclosure controls could result in material weaknesses in our financial reporting, such as errors in our financial statements and in the accompanying footnote disclosures that could require restatements. Investors may lose confidence in our reported financial information and disclosure, which could negatively impact our share price.

We do not expect that our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Access to Capital

We have limited capital resources and operations. To date, our operations have been funded entirely from the proceeds of debt and equity financings. We expect to require substantial additional capital in the near future to continue operations at the cultivation and production facilities and dispensaries for Soothing Options and HFL, expand our product lines, develop our intellectual property base, and establish our targeted levels of commercial production. We may not be able to obtain additional financing on terms acceptable to us, or at all. If we fail to raise additional capital, as needed, our ability to implement our business model and strategy could be compromised.

Even if we obtain financing for our near-term operations, we expect that we will require additional capital thereafter. Our capital needs will depend on numerous factors including: (i) our profitability; (ii) the release of competitive products by our competition; (iii) the level of our investment in research and development; and (iv) the amount of our capital expenditures, including acquisitions. We cannot assure you that we will be able to obtain capital in the future to meet our needs.

Dilution

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by our existing shareholders will be reduced and our shareholders may experience significant dilution. In addition, new securities may contain rights, preferences, or privileges that are senior to those of the Common Shares. If we raise additional capital by incurring debt, this will result in increased interest expense. If we raise additional funds through the issuance of securities, market fluctuations in the price of the Common Shares could limit our ability to obtain equity financing.

We cannot give you any assurance that any additional financing will be available to us, or if available, will be on terms favorable to us. If we are unable to raise capital when needed, our business, financial condition, and results of operations would be materially adversely affected, and we could be forced to reduce or discontinue our operations.

Global Economic Conditions

Our business, financial condition, results of operations, and cash flow have been, and may in the future be, negatively impacted by challenging global economic conditions.

The recent global economic slowdown has caused disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, and declining consumer and business confidence, which has led to decreased levels of consumer spending. These macroeconomic developments have and could continue to negatively impact our business, which depends on the general economic environment and levels of consumer spending. As a result, we may not be able to maintain our existing customers or attract new customers, or we may be forced to reduce the price of our products. We are unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on our business, financial condition, results of operations, and cash flow.

No Guaranteed Return

There is no guarantee that an investment in the Common Shares will earn any positive return in the short, medium or long term. There is no assurance that holders of the Common Shares will receive cash distributions or any rate of return on, or repayment of, their investment in the Common Shares. In fact, an investor could lose its entire investment in the Common Shares.

Unknown Value of the Common Shares

The value of the Common Shares is subject to the ability of the Corporation to build equity in the enterprise. If insufficient proceeds are raised and alternative financing is not available, the completion of the Corporation's business plan may not be fulfilled. There can be no assurance ***that a profitable business will be achieved*** by the Corporation.

Tax

Canadian federal and provincial tax issues should be taken into consideration prior to investing in the Common Shares. The return on an investor's investment is subject to taxes and to changes in Canadian tax laws. There can be no assurance that tax laws, regulations or judicial or administrative interpretations of these laws and regulations will change in a manner that fundamentally alters the tax consequences to investors holding or disposing of the Common Shares.

If you are purchasing the Common Shares outside of Canada, you should consult your own tax advisor for advice for your local jurisdiction.

17.2 Issuer Risk

Risks that are specific to the Corporation include the following:

Limited Operating History

Prior to the AZ Acquisition, the Corporation and the AZ Business each had a limited operating history, which may make it difficult for investors to predict future performance based on current operations.

In particular, we have not proven that we can supply Soothing Option's or HFL's line of cannabis pure concentrates in a manner that enables us to be profitable and meet customer requirements, obtain or renew the necessary permits and/or achieve certain milestones to develop the Business, enhance Soothing Option's or HFL's lines of cannabis flowers, cigarettes, and pure concentrates, develop and maintain relationships with key manufacturers and strategic partners to extract value from our intellectual property, raise sufficient capital in the public and/or private markets, or respond effectively to competitive pressures. As a result, there can be no assurance that we will be able to develop or maintain consistent revenue sources, or that our operations will be profitable and/or generate positive cash flow.

Reliance on Management

Decisions regarding the management of the Corporation's affairs will be made exclusively by the officers and directors of the Corporation and not by the holders of the Common Shares. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Corporation. The Corporation may retain independent contractors to provide services to the Corporation. Generally, these contractors have no fiduciary duty to the holders of the Common Shares or the Corporation.

Difficulty in Recruiting and Retaining Management and Key Personnel

Our future success depends on our key executive officers and our ability to attract, retain, and motivate qualified personnel.

Our future success largely depends upon the continued services of our executive officers and management team, especially the President of CGX, Ms. Elizabeth M. Stavola. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. Additionally, we may incur additional expenses to recruit and retain new executive officers. If any of our executive officers joins a competitor or forms a competing company, we may lose some or all of our customers. Finally, we do not maintain "key person" life insurance on any of our executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect our business, financial condition, and results of operations, and thereby an investment in the Common Shares.

Our continuing ability to attract and retain highly qualified personnel will also be critical to our success because we will need to hire and retain additional personnel as our business grows. There can be no assurance that we will be able to attract or retain highly qualified personnel. We face significant competition for skilled personnel in our industries. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, we may not be able to effectively manage or grow our business, which could adversely affect our financial condition or business. As a result, the value of your investment could be significantly reduced or completely lost.

Unreliability of Forecasts

Any forecasts we make about our operations may prove to be inaccurate. We must, among other things, determine appropriate risks, rewards, and level of investment in our product lines, respond to economic and market variables outside of our control, respond to competitive developments and continue to attract, retain, and motivate qualified employees. There can be no assurance that we will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on our business, results of operations, and financial condition. Our prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stage of development. As a result of these risks, challenges, and uncertainties, the value of your investment could be significantly reduced or completely lost.

Managing Growth

We may not be able to effectively manage our growth or improve our operational, financial, and management information systems, which would impair our results of operations.

In the near term, we intend to expand the scope of our operations activities significantly. If we are successful in executing our business plan, we will experience growth in our business that could place a significant strain on our business operations, finances, management, and other resources. The factors that may place strain on our resources include, but are not limited to, the following:

- (1) the need for continued development of our financial and information management systems;
- (2) the need to manage strategic relationships and agreements with manufacturers, customers, and partners; and
- (3) difficulties in hiring and retaining skilled management, technical, and other personnel necessary to support and manage our business.

Additionally, our strategy envisions a period of rapid growth that may impose a significant burden on our administrative and operational resources. Our ability to effectively manage growth will require us to substantially expand the capabilities of our administrative and operational resources and to attract, train, manage, and retain qualified management and other personnel. There can be no assurance that we will be successful in recruiting and retaining new employees, or retaining existing employees.

We cannot provide assurances that our management will be able to manage this growth effectively. Our failure to successfully manage growth could result in our sales not increasing commensurately with capital investments or otherwise materially adversely affecting our business, financial condition, or results of operations.

Inability to Innovate and Find Efficiencies

If we are unable to continually innovate and increase efficiencies, our ability to attract new customers may be adversely affected.

In the area of innovation, we must be able to develop new technologies and products that appeal to our customers. This depends, in part, on the technological and creative skills of our personnel and on our ability to protect our intellectual property rights. We may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Inability to Continue as a Going Concern

Our independent registered public accounting firm's report for the years ended December 31, 2015 and December 31, 2014 is qualified as to our ability to continue as a going concern.

Due to the uncertainty of our ability to meet our current operating and capital expenses, in our audited annual financial statements as of and for the years ended December 31, 2015 and December 31, 2014, our independent registered public accounting firm included a note to our financial statements regarding concerns about our ability to continue as a going concern. Recurring losses from operations raise substantial doubt about our ability to continue as a going concern. The presence of the going concern note to our financial statements may have an adverse impact on the relationships we are developing and plan to develop with third parties as we continue the commercialization of our products and could make it challenging and difficult for us to raise additional financing, all of which could have a material adverse impact on our business and prospects and result in a significant or complete loss of your investment.

Website

Prospective customers may be deterred from doing business with a company with a significant nationwide online presence because of fears of federal or state enforcement of laws prohibiting possession and sale of medical or recreational marijuana.

Our website is visible in jurisdictions where medicinal and/or recreational use of marijuana is not permitted and, as a result, we may be found to be violating the laws of those jurisdictions. We could lose potential customers as they could fear federal prosecution for growing marijuana with CGX's equipment, reducing our revenue. In most states in which the production and sale of marijuana have been legalized, there are additional laws or licenses required and some states altogether prohibit home cultivation, all of which could make the loss of potential customers more likely.

Operational Risk

The Corporation will be affected by a number of operational risks and the Corporation may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Corporation's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Corporation's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Corporation's future cash flows, earnings and financial condition. Also, the Corporation may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Corporation cannot insure or which the Corporation may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Revenue Shortfalls

Revenue shortfalls from budget may result from lower than expected sales volume, sale price and/or inventory due to inadequate marketing or lower than expected market stimulation. Average sales prices may be less than budgeted due to aggressive competitor pricing below the Corporation's prices.

Permits and Authorizations

We may not obtain the necessary permits and authorizations to operate the business.

Soothing Options and HFL may not be able to obtain or maintain the necessary licenses, permits, authorizations, or accreditations, or may only be able to do so at great cost, to operate its medical marijuana business. In addition, we may not be able to comply fully with the wide variety of laws and regulations applicable to the medical marijuana industry. Failure to comply with or to obtain or maintain the necessary licenses, permits, authorizations, or accreditations could result in restrictions on our ability to operate the medical marijuana business, which could have a material adverse effect on our business.

Potential for Conflict of Interest

All decisions to be made by such directors and officers involving the Corporation are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Corporation. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

Intellectual Property

If we fail to protect our intellectual property, our business could be adversely affected.

Our viability will depend, in part, on our ability to develop and maintain the proprietary aspects of our technology to distinguish our products from our competitors' products. We rely on copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect our intellectual property.

Any infringement or misappropriation of our intellectual property could damage its value and limit our ability to compete. We may have to engage in litigation to protect the rights to our intellectual property, which could result in significant litigation costs and require a significant amount of our time. In addition, our ability to enforce and protect our intellectual property rights may be limited in certain countries outside the United States, which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by us.

Competitors may also harm our sales by designing products that mirror the capabilities of our products or technology without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

We may also find it necessary to bring infringement or other actions against third parties to seek to protect our intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that we will have the financial or other resources to enforce our rights or be able to enforce our rights or prevent other parties from developing similar technology or designing around our intellectual property.

Although we believe that our technology does not and will not infringe upon the patents or violate the proprietary rights of others, it is possible such infringement or violation has occurred or may occur, which could have a material adverse effect on our business.

We are not aware of any infringement by us of any person's or entity's intellectual property rights. In the event that products we sell are deemed to infringe upon the patents or proprietary rights of others, we could be required to modify our products or obtain a license for the manufacture and/or sale of such products or cease selling such products. In such event, there can be no assurance that we would be able to do so in a timely manner, upon acceptable terms and conditions, or at all, and the failure to do any of the foregoing could have a material adverse effect upon our business.

There can be no assurance that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. If our products or proposed products are deemed to infringe or likely to infringe upon the patents or proprietary rights of others, we could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have a material adverse effect on our business and our financial condition.

Trade Secrets

Our trade secrets may be difficult to protect.

Our success depends upon the skills, knowledge, and experience of our scientific and technical personnel, our consultants and advisors, as well as our licensors and contractors. Because we operate in several highly competitive industries, we rely in part on trade secrets to protect our proprietary technology and processes. However, trade secrets are difficult to protect. We enter into confidentiality or non-disclosure agreements with our corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by us during the course of the receiving party's relationship with us. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to us will be our exclusive property, and we enter into assignment agreements to perfect our rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to us. Our trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by our competitors. The enforcement of a claim alleging that a party illegally obtained and was using our trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect our competitive position.

Fluctuations in Currency Exchange Rates

Fluctuations in currency exchange rates may adversely affect the Corporation's financial position. Fluctuations in currency exchange rates may significantly impact the Corporation's financial position and results. The Corporation does not have in place a policy for managing or controlling foreign currency risks since, to date, its primary activities have not resulted in material exposure to foreign currency risk.

Lack of Earnings and Dividend Record

The Corporation has no earnings or dividend record. The Corporation has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. Payments of any dividends will be at the discretion of the BCC Board after taking into account many factors, including the financial condition and current and anticipated cash needs of the Corporation.

Market Price and Volatility of Common Shares

Securities have experienced an extreme level of price and volume volatility over the past few of years and the market price of securities of many companies has experienced wide fluctuations which, in many cases, have not necessarily been related to the performance, underlying asset values or prospects of such companies. The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations and, therefore, may result in losses to investors. In addition, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's business, condition, prospects and reputation.

Insurance Coverage

Our insurance coverage may be inadequate to cover all significant risk exposures.

We will be exposed to liabilities that are unique to the products we provide. While we intend to maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs resulting from risks and uncertainties of our business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on our business, financial condition, and results of operations. We do not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

17.3 Industry Risk

Risks that are specific to the Corporation's industry include the following:

U.S. Federal Regulation

U.S. Federal regulation and enforcement may adversely affect the implementation of medical marijuana laws and regulations may negatively impact our revenues and profits.

Currently, there are 29 states plus the District of Columbia that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering similar legislation. Conversely, under the U.S. Controlled Substance Act (the "CSA"), the policies and regulations of the federal government and its agencies are that cannabis has no "proven" medical benefits. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current U.S. federal law, and we may be deemed to be producing, cultivating, or dispensing marijuana in violation of U.S. federal law with respect to the Corporation's current or proposed business operations, or we may be deemed to be facilitating the sale or distribution of drug paraphernalia in violation of U.S. federal law with respect to CGX's business operations. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect our revenues and profits. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated federal policy remains uncertain.

The U.S. Supreme Court declined to hear a case brought by San Diego County, California that sought to establish federal pre-emption over state medical marijuana laws. The pre-emption claim was rejected by every court that reviewed the case. The California 4th District Court of Appeals wrote in its unanimous ruling, "Congress does not have the authority to compel the states to direct their law enforcement personnel to enforce U.S. federal laws." However, in another case, the U.S. Supreme Court held that, as long as the CSA contains prohibitions against marijuana, under the Commerce Clause of the United States Constitution, the United States may criminalize the production and use of homegrown cannabis even where states approve its use for medical purposes.

In an effort to provide guidance to U.S. federal law enforcement, the DOJ has issued Guidance Regarding Marijuana Enforcement to all United States Attorneys in a memorandum from Deputy Attorney General David Ogden on October 19, 2009, in a memorandum from Deputy Attorney General James Cole on June 29, 2011 and in a memorandum from Deputy Attorney General James Cole on August 29, 2013. Each memorandum provides that the DOJ is committed to the enforcement of the CSA, but, the DOJ is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way.

The August 29, 2013 memorandum provides updated guidance to federal prosecutors concerning marijuana enforcement in light of state laws legalizing medical and recreational marijuana possession in small amounts.

The memorandum sets forth certain enforcement priorities that are important to the federal government:

- (1) distribution of marijuana to children;
- (2) revenue from the sale of marijuana going to criminals;
- (3) diversion of medical marijuana from states where it is legal to states where it is not;
- (4) using state authorized marijuana activity as a pretext of other illegal drug activity;
- (5) preventing violence in the cultivation and distribution of marijuana;
- (6) preventing drugged driving;
- (7) growing marijuana on federal property; and
- (8) preventing possession or use of marijuana on federal property.

On February 14, 2014, Mr. Cole supplemented his August 29, 2013 memorandum to add guidance regarding the impact of the prior memoranda on “financial crimes” for which marijuana-related conduct is a predicate. Among other things he noted that the provisions of the money laundering statutes, the unlicensed money remitter statute and the Bank Secrecy Act remain in effect with respect to marijuana-related conduct.” However, he also reiterated the position reflected in the August 29, 2013 guidance, stating that the investigation and prosecution of financial crimes “would be subject to the same consideration and prioritization.” The DOJ has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for use on private property but has relied on state and local law enforcement to address marijuana activity. In the event the DOJ reverses its stated policy and begins strict enforcement of the CSA in states that have laws legalizing medical marijuana and recreational marijuana in small amounts, there may be a direct and adverse impact to our business and our revenue and profits.

On December 20, 2014, President Obama signed into law a federal spending bill with a Congressional appropriation rider for the year ending September 30, 2015, providing that “None of the funds made available to the DOJ pursuant to the 2015 Consolidated and Further Continuing Appropriations Act may be used to prevent certain states, including Arizona, Nevada and California, from implementing their own laws that authorized the use, distribution, possession, or cultivation of medical marijuana.” This limitation was carried over for the year ending September 30, 2016. The DOJ addressed the impact of the appropriations rider in a memorandum dated February 27, 2015, which was released to the public in August 2015. That memorandum took the position that the appropriations rider does not bar the use of funds for civil and criminal enforcement “consistent with the existing DOJ guidance....” The DOJ’s interpretation appears to have been firmly rejected by the United States Court of Appeals for the Ninth Circuit (which includes federal court districts of Arizona and Nevada). In a decision dated August 16, 2016, the Court specifically ruled that the appropriations riders prohibited the use of DOJ funds for “conduct...completely authorized by state law....” *United States v McIntosh*, No.15-10117, 2016 WL 4363168, at 32 (9th Cir. Aug. 16, 2016).

Although this appropriations restriction on the use of DOJ funds was extended through December 9, 2016, and it is believed that it is likely to be extended further, there can be no assurance that the DOJ will continue to operate in accordance with its prior memoranda nor that future federal appropriations will continue to restrict the DOJ’s use of funds.

Variation in State Regulations

Variations in state and local regulation, and enforcement in states that have legalized medical cannabis, may restrict marijuana-related activities, including activities related to medical cannabis, which may negatively impact our revenues and prospective profits.

Individual state laws do not always conform to the federal standard or to other states laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Four states, Alaska, Colorado, Oregon, and Washington, and the District of Columbia have previously legalized the recreational use of cannabis. In November, 2016, four additional states, California, Massachusetts, Maine and Nevada, voted to legalize recreational use, although recreational use is not yet permitted in those states until appropriate regulatory frameworks have been put in place. Variations exist among states that have legalized, decriminalized, or created medical marijuana exemptions. For example, Alaska, Colorado, and the District of Columbia have limits on the number of marijuana plants that can be homegrown. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect our business and our revenue and profits.

Marijuana remains illegal under U.S. Federal law

We could be found to be violating laws related to medical cannabis.

Currently, there are 28 states plus the District of Columbia that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering similar legislation. Conversely, under the CSA, the policies and regulations of the federal government and its agencies are that cannabis has no proven medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such amendments there can be no assurance, there is a risk that federal authorities may enforce current U.S. federal law. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated federal policy remains uncertain. This would cause a direct and adverse effect on our subsidiaries' businesses, or intended businesses, and on our revenue and prospective profits.

Marijuana is a Schedule-I controlled substance and is illegal under U.S. federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of U.S. federal law regarding marijuana would likely result in our inability to proceed with our business plan, especially in respect of Soothing Options and HFL.

Laws and regulations affecting the medical marijuana industry are constantly changing, which could detrimentally affect the proposed operations of Soothing Options and HFL, and the Business.

Local, state, and federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter certain aspects of our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of our business plan and result in a material adverse effect on certain aspects of our planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of our proposed medical marijuana businesses through Soothing Options and HFL, and our business of selling cannabis products through CGX. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Change of Cannabis Laws

It is possible that U.S. federal or state legislation could be enacted in the future that would prohibit us or potential customers from selling Soothing Options' and HFL's products, and if such legislation were enacted, our revenues could decline, leading to a loss in your investment.

Access to Banks

We may have difficulty accessing the service of banks, which may make it difficult for us to operate.

Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to marijuana, United States banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Likewise, marijuana businesses have limited, if any, access to credit card processing services. As a result, marijuana businesses in the United States are largely cash only. This complicates the implementation of financial controls and increases security issues. The inability to open or maintain bank accounts or take credit cards may make it difficult for us to operate our contemplated medical marijuana businesses.

Consumer Acceptance of Marijuana

We are dependent on the popularity of consumer acceptance of Soothing Option's and HFL's product lines.

Our ability to generate revenue and be successful in the implementation of the Corporation's business plan is dependent on consumer acceptance and demand of Soothing Option's and HFL's medical Marijuana Product lines. Acceptance of Soothing Option's and HFL's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If these customers do not accept Soothing Option's and HFL's products, or if we fail to meet Soothing Option's and HFL's customers' needs and expectations adequately, our ability to continue generating revenues could be reduced.

A drop in the retail price of medical Marijuana Products may negatively impact the Business.

The demand for Soothing Option's and HFL's products depends in part on the price of commercially grown marijuana. Fluctuations in economic and market conditions that impact the prices of commercially grown marijuana, such as increases in the supply of such marijuana and the decrease in the price of products using commercially grown marijuana, could cause the demand for Marijuana Products to decline, which would have a negative impact on our business.

Security Risks

As cash businesses, the premises of the marijuana dispensaries are a target for theft. While the Corporation has implemented security measures and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. In the event of robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Corporation.

As the Corporation's business involves the movement and transfer of cash which is collected from dispensaries and used to purchase Trim or deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Corporation has engaged a security firm to provide armed guards and security in the transport and movement of large amounts of cash. Sales representatives sometimes transport cash and/or products and each sales representative has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Corporation has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Competition

We face intense competition and many of our competitors have greater resources that may enable them to compete more effectively.

The industries in which we operate in general are subject to intense and increasing competition. Some of our competitors may have greater capital resources, facilities, and diversity of product lines, which may enable them to compete more effectively in this market. Our competitors may devote their resources to developing and marketing products that will directly compete with our product lines. Due to this competition, there is no assurance that we will not encounter difficulties in obtaining revenues and market share or in the positioning of our products. There are no assurances that competition in our respective industries will not lead to reduced prices for our products. If we are unable to successfully compete with existing companies and new entrants to the market this will have a negative impact on our business and financial condition.

Risk of Litigation

If we incur substantial liability from litigation, complaints, or enforcement actions, our financial condition could suffer.

Soothing Options, HFL and CGX's participation in the medical marijuana industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against these subsidiaries. Litigation, complaints, and enforcement actions involving these subsidiaries could consume considerable amounts of financial and other corporate resources, which could have a negative impact on our sales, revenue, profitability, and growth prospects. Soothing Options and HFL are presently engaged in the distribution of marijuana; however, we have not been, and are not currently, subject to any material litigation, complaint or enforcement action regarding marijuana (or otherwise) brought by any federal, state, or local governmental authority with respect to the Business.

Litigation may adversely affect our business, financial condition, and results of operations.

From time to time in the normal course of our business operations, we may become subject to litigation that may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend such litigation may be significant and may require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. Insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims could adversely affect our business and the results of our operations.

18. Promoters

W. Scott Boyes, President, Chief Executive Officer and a director of the Corporation, may be considered to be a Promoter of the Corporation, in that he took the initiative to substantially reorganize the business of the Corporation. Mr. Boyes holds 3,916,200 Common Shares directly.

19. Legal Proceedings

19.1 Legal Proceedings

There are no legal proceedings material to the Corporation to which the Corporation or any subsidiary of the Corporation is a party or of which their respective property is the subject matter that is known to the Corporation, other than a legal claim that was filed against a former director of the Corporation and Prime Pharmaceutical on May 28, 2014. The claim is related to a traffic accident involving the plaintiff and the former director. The plaintiff is seeking damages of \$1,000,000 and additional legal costs from the former director and Prime Pharmaceutical. Management believes that this claim is without merit. Prime Pharmaceutical's insurance provider is managing the legal defense and will vigorously defend the claim.

19.2 Regulatory Actions

There are no:

- (a) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) penalties or sanctions imposed by a court or regulatory body against the Corporation necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Corporation entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

Other than the CGX Acquisition and the AZ Acquisition, no director or executive officer of the Corporation, to the knowledge of the Corporation, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than ten percent (10%) of the Common Shares, or an associate or affiliate thereof had any material interest, direct or indirect, in any transaction within the three (3) years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Corporation or a subsidiary of the Corporation.

21. Auditors, Transfer Agents and Registrars

21.1 Auditors

The Corporation's independent external auditors are Collins Barrow Toronto LLP ("**Collins Barrow**"), located at Collins Barrow Place, 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

21.2 Registrar and Transfer Agent

The registrar and transfer agent of the Common Shares are Computershare Investor Services Inc. located on the 11th Floor at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

22. **Material Contracts**

22.1 Material Contracts

The material contract, other than contracts entered into in the ordinary course of business that were entered into within the two (2) years before the date of this Listing Statement by the Corporation are set out below:

HFL Management Services Agreement

On January 19, 2017, S8 Management entered into the HFL Management Services Agreement whereby S8 Management agreed to provide the Management Services to HFL in consideration for payment of a fee equal to 5% of gross revenues earned by HFL and, as an incentive to more efficiently manage the operations of HFL, 90% of Net Revenues. The percentage of Net Revenues may be adjusted from time to time by mutual agreement in writing between S8 Management and the HFL Board.

The HFL Management Services Agreement may be terminated by S8 Management prior to the end of the term by providing written notice to HFL with the date of termination upon any one of the following: (a) in the event of default by HFL; (b) any grossly negligent or intentional or willful misconduct by HFL; (c) certain Federal enforcement action against HFL; (d) any change or revocation of State or local law, which shall have the effect of prohibiting the legal operation of the Dispensary and Cultivation Facilities; (e) the refusal by the ADHS to approve HFL's application to renew its Dispensary License; and/or (f) HFL's failure to maintain its Dispensary License in good standing resulting in ADHS' revocation or suspension of its Dispensary License.

The HFL Management Services Agreement may be terminated by HFL prior to the end of the term by providing written notice to S8 Management with the date of termination upon any one of the following: (a) in the event of default by S8 Management; (ii) any grossly negligent or intentional or willful misconduct by S8 Management; (iii) certain Federal enforcement action against S8 Management; (iv) any change or revocation of State or local law, which shall have the effect of prohibiting the legal operation of its Dispensary; and/or (v) the refusal by the ADHS to approve HFL's application to renew its Dispensary License.

See Section 3.2 – *General Development of the Business – Significant Acquisitions.*

Soothing Options Management Services Agreement

On January 19, 2017, S8 Management entered into the Soothing Options Management Services Agreement whereby S8 Management agreed to provide the Management Services to Soothing Options in consideration for payment of a fee equal to 5% of gross revenues earned by Soothing Options and, as an incentive to more efficiently manage the operations of Soothing Options, 90% of Net Revenues. The percentage of Net Revenues may be adjusted from time to time by mutual agreement in writing between S8 Management and the Soothing Options Board.

The Soothing Options Management Services Agreement may be terminated by S8 Management prior to the end of the term by providing written notice to Soothing Options with the date of termination upon any one of the following: (a) in the event of default by Soothing Options; (b) any grossly negligent or intentional or willful misconduct by Soothing Options; (c) certain Federal enforcement action against Soothing Options; (d) any change or revocation of State or local law, which shall have the effect of prohibiting the legal operation of the Dispensary and Cultivation Facilities; (e) the refusal by the ADHS to approve Soothing Options' application to renew its Dispensary License; and/or (f) Soothing Options' failure to maintain its Dispensary License in good standing resulting in ADHS' revocation or suspension of its Dispensary License.

The Soothing Options Management Services Agreement may be terminated by Soothing Options prior to the end of the term by providing written notice to S8 Management with the date of termination upon any one of the following: (a) in the event of default by S8 Management; (ii) any grossly negligent or intentional or willful misconduct by S8 Management; (iii) certain Federal enforcement action against S8 Management; (iv) any change or revocation of State or local law, which shall have the effect of prohibiting the legal operation of its Dispensary; and/or (v) the refusal by the ADHS to approve Soothing Options' application to renew its Dispensary License.

See Section 3.2 – *General Development of the Business – Significant Acquisitions.*

AZ Purchase Agreement

The relevant features of the AZ Purchase Agreement that continue following the closing of the AZ Acquisition are as follows: (1) the ROFR; and (2) the NV Purchaser's Option.

See Section 3.2 – *General Development of the Business – Significant Acquisition.*

Current Boyes Employment Agreement

The Corporation entered into new employment agreement (the “**Current Boyes Employment Agreement**”) with Mr. Boyes on December 1, 2016, the terms of which are substantially as follows: Mr. Boyes will provide the services of President and Chief Executive Officer of the Corporation for a term of three (3) years for an annual base salary of US\$200,000.

Concurrently with the entering into of the Current Boyes Employment Agreement, the Corporation granted stock options to Mr. Boyes stock options to acquire 3,500,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately.

Mr Boyes is also eligible to receive other employment benefits, including without limitation, incentive compensation, as provided by the Corporation to other full time executive-level employees.

If Mr. Boyes' employment is terminated for cause, Mr. Boyes shall be entitled to receive only that compensation in the form of salary Mr. Boyes and any stock options which have not already vested as of the date of termination shall be forfeited.

If Mr. Boyes resigns, he must provide 180 days written notice to the Corporation of his resignation and shall only be entitled to receive compensation in the form of salary which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited. Mr. Boyes shall make every effort to continue to provide services to the Corporation during the full notice period in order to provide for the transition of Mr. Boyes' duties to a new executive.

If the Current Boyes Employment Agreement is terminated without cause, all compensation payable to Mr. Boyes, which was not otherwise paid under the Current Boyes Employment Agreement through the date of termination, shall be aggregated and paid to Mr. Boyes within thirty (30) days of the date of termination.

Pursuant to the Current Boyes Employment Agreement, Mr. Boyes agreed not to compete with the Corporation's business and not to solicit the Corporation's employees and clients during his employment and for two (2) years thereafter. Mr. Boyes also agreed to protect the Corporation's confidential information and intellectual property.

Stavola Employment Agreement

CGX entered into an employment agreement (the "**Stavola Employment Agreement**") with Elizabeth M. Stavola and the Corporation on January 19, 2017, the terms of which are substantially as follows: Ms. Stavola will provide the services of President of CGX for a term of three (3) years for annual base salary of US\$50,000.

Within ten (10) days of each anniversary of the Stavola Employment Agreement, the Corporation shall issue to Ms. Stavola a total of US\$125,000 of the value of Common Shares per year (the "**Stavola Compensation Shares**"). The Stavola Compensation Shares shall be earned by Ms. Stavola pro rata during each pay period throughout the course of the year such that in the event of termination of the Stavola Employment Agreement prior to an anniversary of Ms. Stavola's employment, Ms. Stavola shall be entitled to receive the number of Stavola Compensation Shares earned prior to such termination. The value of the Common Shares shall be the average closing price of the Common Shares on the CSE for the thirty (30) days preceding each anniversary of employment or the date of termination, as applicable.

Concurrently with the entering into of the Stavola Employment Agreement, the Corporation granted stock options to Ms. Stavola to acquire: (a) 3,500,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately; (b) 3,500,000 Common Shares at an exercise price of \$0.60 per Common Share, which shall vest after the second anniversary of Ms. Stavola's employment with CGX; and (c) 3,500,000 Common Shares at an exercise price of \$1.00 per Common Share, which shall vest after the third anniversary of Ms. Stavola's employment with CGX.

Ms. Stavola is also eligible to receive other employment benefits, including without limitation, incentive compensation, as provided by CGX to other full time executive-level employees.

If Ms. Stavola's employment is terminated for cause, Ms. Stavola shall be entitled to receive only that compensation in the form of salary and Stavola Compensation Shares which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited.

If Ms. Stavola resigns, she must provide 180 days written notice to CGX of her resignation and shall only be entitled to receive compensation in the form of salary and Stavola Compensation Shares which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited, provided however, that if Ms. Stavola provides the transitional services required hereunder during the full notice period, Ms. Stavola shall be entitled to receive the Stavola Compensation Shares that she would have otherwise received if such Stavola Compensation Shares would have become due within ninety (90) days after Ms. Stavola's last date of employment. Ms. Stavola shall make every effort to continue to provide services to CGX during the full notice period in order to provide for the transition of Ms. Stavola's duties to a new President.

If the Stavola Employment Agreement is terminated without cause, all compensation payable to Ms. Stavola, which was not otherwise paid under the Stavola Employment Agreement through the date of termination, shall be aggregated and paid to Ms. Stavola within thirty (30) days of the date of termination.

Pursuant to the Stavola Employment Agreement, Ms. Stavola agreed not to compete with the Corporation's business and not to solicit the Corporation's employees and clients during his employment and for two (2) years thereafter. Ms. Stavola also agreed to protect the Corporation's confidential information and intellectual property.

Stafford Employment Agreement

The Corporation entered into an employment agreement (the "**Stafford Employment Agreement**") with Mr. Stafford on December 1, 2016, the terms of which are substantially as follows: Mr. Stafford will provide the services of Chief Financial Officer of the Corporation for an annual base salary of \$36,000.

Concurrently with the entering into of the Stafford Employment Agreement, the Corporation granted stock options to Mr. Stafford stock options to acquire 150,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately.

Mr. Stafford is also eligible to receive an annual performance bonus, as approved by the BCC Board and shall be entitled to participate in the benefit plans of the Corporation that may be in effect (e.g., medical, dental and life insurance).

If Mr. Stafford's employment is terminated for cause, Mr. Stafford shall be entitled to receive only that compensation in the form of salary Mr. Stafford and any stock options which have not already vested as of the date of termination shall be forfeit.

WI Consulting Agreement

BCC entered into a Consultancy Services Agreement, dated September 1, 2016, with Walmer Capital Limited and Island Investments Holdings Limited pursuant to which the consultants contracted to provide strategic counsel to the Corporation in respect of, *inter alia*, evaluating and securing financing in relation to the AZ Acquisition and such other ongoing projects as the Corporation and the consultants agree to undertake. In relation thereto, the consultants are to be remunerated on the basis of a success fee in the amount of \$500,000, six percent (6%) of the aggregate financing directly sourced by the consultants and Warrants in an amount equal to six percent (6%) of the aggregate financing directly sourced by the consultants for the purchase of purchasing Common Shares at the exercise price that is equal to the issue price of the Common Shares of the Concurrent Financing.

Additionally, pursuant to the WI Consulting Agreement, the consultants are to be remunerated an advisory fee equal to one percent (1%) of all o the aggregate financing that was not directly sourced by the consultants and Warrants in an amount equal to one percent (1%) of the aggregate financing that was not directly sourced by the consultants at the exercise price that is equal to the issue price of the Common Shares of the Concurrent Financing.

Upon the consummation of the AZ Acquisition, at the consultants option, the applicable cash remuneration due can be exchanged for the issuance of Common Shares at \$0.20 per Common Share (being the price of the Common Shares issued in respect of the Concurrent Financing).

Owen Sound Lease Agreement

On February 25, 2015, BioCannabis entered into a lease of a facility in Owen Sound for the production of Marijuana. The term of the original lease is 15 years and six months, beginning April 1, 2015. However, due to the delay by Health Canada issuing a license to the Corporation under the Marijuana for Medical Purposes Regulations, a delay outside the control of the Corporation, the landlord and the Corporation have entered into discussions to renegotiate the lease obligation including an extension of the rent free period.

AZ Promissory Note

Concurrently with the closing of the AZ Acquisition on January 19, 2017, CGX and the Corporation issued the Promissory Note payable to the Trust in the principal amount of US\$10,000,000. The AZ Promissory Note has a three (3) year term and bears interest at the rate of eight percent (8%) per annum, such interest being cumulative but not compounded. Repayment of the AZ Promissory Note shall be secured by be secured by security interests in the Collateral granted by the Corporation and CGX and in favour of the Trust pursuant to the Security Agreement

Security Agreement

The Security Agreement entered into concurrently with the closing of the AZ Acquisition on January 19, 2017 and the issuance of the AZ Promissory Note, whereby the Corporation and CGX granted a security interest in the Collateral in favour of the Trust. See Section 3.2 – *General Development of the Business – Significant Acquisitions*.

HFL Note

On May 19, 2014, HFL issued the secured revolving HFL Note payable to S8 Industries in the principal amount of US\$2,000,000. The HFL Note is due and payable on September 15, 2022 and bears interest at a rate of eighteen percent (18%) per annum payable annually on September 15th each calendar year. See Section 3.2 – *General Development of the Business – Significant Acquisitions*.

Soothing Options Note

On May 19, 2014, Soothing Options issued the secured revolving Promissory Note payable to S8 Industries in the principal amount of US\$900,000. The Soothing Options Note is due and payable on September 15, 2022 and bear interest at a rate of eighteen percent (18%) per annum payable annually on September 15th each calendar year. See Section 3.2 – *General Development of the Business – Significant Acquisitions*.

HFL Lease

On November 13, 2013, HFL entered into the HFL Lease with S8 Rental to occupy approximately 13,812 square feet located at 7343 89th Place, Mesa, Arizona for a term of ending on December 31, 2023 to use the leased premises for the purpose of a licensed Marijuana dispensary and Marijuana facility in compliance with the laws and regulations of Arizona. HFL will have two (2) options to extend the term of the HFL Lease for additional periods of five (5) years each upon at least sixty (60) days written notice prior to the expiration of the current term. HFL is currently paying base rent to S8 Rental in the amount of US\$39,000 per month until December 31, 2018 at which time base rent will be US\$41,000 per month until the end of the term of the HFL Lease on December 31, 2023. If the first 5 year option is exercised, base rent will be US\$43,000 per month between January 1, 2024 until December 31, 2029 and if the second 5 year option is exercised, base rent will be US\$45,000 per month between January 1, 2030 until December 31, 2035. The estimated triple-net charges are US\$23,000 and include real estate taxes, property insurance and quarterly

owner's association fees. The HFL Lease is assignable upon prior written consent of S8 Rentals. See Section 3.2 – *General Development of the Business – Significant Acquisitions*.

Soothing Options Lease

On April 24, 2013, Soothing Options entered into the Soothing Options Lease with Falcon Field to occupy 3321 North Reseda Circle, Suite 50 and 61, Mesa, Arizona for an initial term commencing on June 1, 2013 and expiring on May 31, 2015 to use the leased premises to be used and occupied as a Marijuana Dispensary in compliance with the laws and regulations of Arizona. Soothing Options will one (1) option to extend the term of the Soothing Options Lease for an additional period of two (2) years upon at least sixty (60) days written notice prior to the expiration of the initial term. Soothing Options is currently paying base rent to S8 Rental in the amount of US\$1,909.62 per month until May 31, 2017, being the expiry date of the Soothing Options Lease. Soothing Options' share of the operating expenses or reimbursements for the premises is 4.54%. See Section 3.2 – *General Development of the Business – Significant Acquisitions*.

22.2 Co-Tenancy, Unitholders' or Limited Partnership Agreement

The Corporation is not a party to any co-tenancy, unitholders' or limited partnership agreement.

23. Interest of Experts

Collins Barrow, prepared the auditor's report for the Corporation's financial statements for the financial years ended March 31, 2016 and 2015 and the S8 Companies financial statements for the financial years ended December 31, 2015 and 2014. Collins Barrow, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

24. Other Material Facts

To management's knowledge, there are no other material facts that are not otherwise disclosed in this Listing Statement or are necessary for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Corporation and its securities.

25. Financial Statements

The following financial statements of the Corporation are included in this Listing Statement as follows:

- (a) Audited financial statements of the Corporation for the financial years ended March 31, 2015 and 2016 and Unaudited financial statements of the Corporation for the three and six month period ended September 30, 2016 are attached as Schedule "A" hereto;
- (b) Audited financial statements of the S8 Companies for the financial years ended December 31, 2014 and 2015 and Unaudited financial statements of the S8 Companies for the three and nine month period ended September 30, 2016 are attached as Schedule "C" hereto; and
- (c) *Pro forma* financial statements of the Corporation as at September 30, 2016 for the three and six month period ended September 30, 2015 for the Corporation and for the three and nine month period ended September 30, 2016 for the S8 Companies, after giving effect to the AZ Acquisition are attached as Schedule "E" hereto.

CERTIFICATE OF THE CANADIAN BIOCEUTICAL CORPORATION

Pursuant to a resolution duly passed by its Board of Directors, The Canadian Bioceutical Corporation, hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to The Canadian Bioceutical Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 26th day of January, 2017.

signed “W. Scott Boyes”

W. Scott Boyes,
President, Chief Executive Officer and
Director

signed “Randall G. Stafford”

Randall G. Stafford,
Chief Financial Officer and Director

signed “Marilyn H. Bloovol”

Marilyn H. Bloovol,
Chairperson and a Director

signed “David J. Layman”

David J. Layman,
Director

signed “Donald P. Stott”

Donald P. Stott,
Director

SCHEDULE "A"
BCC FINANCIAL STATEMENTS



THE CANADIAN BIOCEUTICAL CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of the Canadian Bioceutical Corporation (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgements and estimates in accounting for transactions which were not complete at the financial position reporting date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of 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 is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *Scott Boyes*
Scott Boyes
Chief Executive Officer

(signed) *Donald Stott*
Donald Stott
Chief Financial Officer

July 29, 2016
Toronto, Canada

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Canadian Bioceutical Corporation

We have audited the accompanying consolidated financial statements of The Canadian Bioceutical Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2016 and March 31, 2015 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 financial position of The Canadian Bioceutical Corporation and its subsidiaries, as at March 31, 2016 and March 31, 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
August 4, 2016

The Canadian Bioceutical Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	March 31, 2016	March 31, 2015
Assets		
Current		
Cash	\$ 8,135	\$ 320,027
HST receivable	10,181	20,628
Deposits	25,092	7,339
Inventory (Note 6)	-	67,560
Total current assets	43,408	415,554
Non-current		
Deposits	44,814	44,814
Intangible assets (Note 7)	-	15,037
Goodwill (Notes 5 and 8)	-	1,165,920
Total non-current assets	44,814	1,225,771
Total Assets	\$ 88,222	\$ 1,641,325
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 351,215	\$ 145,722
Taxes payable	-	14,119
Sales return reserve	993	2,145
Due to related parties (Note 13)	22,000	-
Total current liabilities	374,208	161,986
Non-current		
Lease inducement (Note 15)	557,509	-
Total Liabilities	931,717	161,986
Shareholders' Equity (Deficit)		
Capital stock (Note 10)	6,415,525	5,917,004
Contributed surplus	1,310,654	1,240,420
Accumulated other comprehensive income	100,973	95,826
Deficit	(8,368,835)	(5,472,204)
Equity attributable to shareholders of the Company	(541,683)	1,781,046
Non-controlling interest	(301,812)	(301,707)
Total Shareholders' Equity (Deficit)	(843,495)	1,479,339
Total Liabilities and Shareholders' Equity (Deficit)	\$ 88,222	\$ 1,641,325

Nature of Operations and Going Concern (Note 1)
Commitments and Contingency (Notes , 11 and 15)
Subsequent Events (Note 18)

Approved on behalf of the Board

Signed "Scott Boyes"
Director

Signed "Donald Stott"
Director

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

The Canadian Bioceutical Corporation
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years Ended March 31,	
	2016	2015
REVENUE		
Sales	\$ 5,960	\$ 7,138
Cost of Sales	(2,083)	(1,974)
	3,877	5,164
EXPENSES		
General and administrative (Note 14)	1,649,132	599,526
	(1,645,255)	(594,362)
OTHER INCOME (EXPENSE)		
Accretion (Note 9)	-	(11,904)
Write-off of goodwill and intangible assets (Notes 7 and 8)	(1,177,166)	-
Write-down of inventory (Note 6)	(70,264)	-
Dividend income	-	61
Foreign exchange	(5,166)	1,506
Gain on disposal of marketable securities	-	210
Gain on increase in value of CGX shares (Note 5)	-	18,750
Interest income	1,115	(23,827)
Royalty fees	-	1,154
Transaction costs (Note 5)	-	(117,427)
NET LOSS FOR THE YEAR	(2,896,736)	(725,839)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified subsequently to profit or loss		
Change in fair market value of marketable securities	-	93
Items reclassified to profit or loss		
Net realized gain on marketable securities	-	(215)
Items that will not be reclassified subsequently to profit or loss		
Currency translation reserve	5,147	97,660
COMPREHENSIVE LOSS FOR THE YEAR	\$ (2,891,589)	\$ (628,301)
NET LOSS ATTRIBUTABLE TO:		
Parent company	\$ (2,896,631)	\$ (725,138)
Non-controlling interest	(105)	(701)
	\$ (2,896,736)	\$ (725,839)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Parent company	\$ (2,891,484)	\$ (627,600)
Non-controlling interest	(105)	(701)
	\$ (2,891,589)	\$ (628,301)
LOSS PER SHARE ATTRIBUTABLE TO PARENT COMPANY BASIC AND DILUTED	\$ (0.07)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING BASIC AND DILUTED	40,078,442	17,946,438

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

The Canadian Bioceutical Corporation
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Contributed surplus	Reserves		Deficit	Non-controlling interest	Total
			Equity component of convertible debt	Accumulated other comprehensive (loss) income			
Balance, March 31, 2014	\$ 4,173,220	\$ 610,154	\$ -	\$ (1,712)	\$ (4,747,066)	\$ (301,006)	\$ (266,410)
Shares issued upon acquisition (Note 5)	450,050	-	-	-	-	-	450,050
Conversion of long term debt to convertible debt	-	-	20,818	-	-	-	20,818
Conversion of convertible debt (Note 9)	711,971	58,325	(20,818)	-	-	-	749,478
Private placements	1,000,000	-	-	-	-	-	1,000,000
Warrants issued	(413,729)	413,729	-	-	-	-	-
Cost of issue	(4,508)	(1,992)	-	-	-	-	(6,500)
Stock-based compensation	-	160,204	-	-	-	-	160,204
Net income (loss) and comprehensive income (loss) for the year	-	-	-	97,538	(725,138)	(701)	(628,301)
Balance, March 31, 2015	\$ 5,917,004	\$ 1,240,420	\$ -	\$ 95,826	\$ (5,472,204)	\$ (301,707)	\$ 1,479,339
Exercise of warrants (Note 12)	100,000	-	-	-	-	-	100,000
Fair value of warrants exercised (Note 12)	54,898	(54,898)	-	-	-	-	-
Exercise of options (Note 11)	2,000	-	-	-	-	-	2,000
Fair value of options exercised (Note 11)	2,373	(2,373)	-	-	-	-	-
Private placements (Note 10 (iii))	377,500	-	-	-	-	-	377,500
Cost of issue (Note 10 (iii))	(38,250)	-	-	-	-	-	(38,250)
Stock-based compensation (Note 11)	-	127,505	-	-	-	-	127,505
Net income (loss) and comprehensive income (loss) for the year	-	-	-	5,147	(2,896,631)	(105)	(2,891,589)
Balance, March 31, 2016	\$ 6,415,525	\$ 1,310,654	\$ -	\$ 100,973	\$ (8,368,835)	\$ (301,812)	\$ (843,495)

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

The Canadian Bioceutical Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended March 31,	
	2016	2015
Cash (used in) provided by:		
Operating Activities		
Net loss for the year	\$ (2,896,736)	\$ (725,839)
Items not affecting cash		
Amortization	6,413	3,685
Write-off of goodwill and intangible assets	1,177,166	-
Gain on disposal of marketable securities	-	(210)
Write-down of inventory	70,264	-
Stock-based compensation	127,505	160,204
Interest	-	11,904
Gain on increase in value of CGX shares (Note 5)	-	(18,750)
Occupancy cost (Note 15)	557,509	-
	(957,879)	(569,006)
Net changes in non-cash working capital		
Inventory	(2,704)	(5,915)
HST receivable	10,447	(15,264)
Amounts receivable	-	22,210
Prepaid expenses and deposits	(17,753)	(46,771)
Accounts payable and accrued liabilities	205,493	(108,674)
Taxes payable	(14,119)	14,119
Sales return reserve	(1,152)	2,145
Net cash used in operating activities	(777,667)	(707,156)
Investing Activities		
Cash acquired on Acquisition (Note 5)	-	31,064
Proceeds on sale of marketable securities	-	5,540
Acquisition of marketable securities	-	(61)
Purchase of intangibles	(2,207)	(2,000)
Net cash provided by (used in) investing activities	(2,207)	34,543
Financing Activities		
Proceeds from private placements	377,500	1,000,000
Issuance cost	(38,250)	(6,500)
Advances from related parties	22,000	1,418
Proceeds from warrant exercise	100,000	-
Proceeds from option exercise	2,000	-
Net cash provided by financing activities	463,250	994,918
Change in cash during the year	(316,624)	322,305
Cash, beginning of year	320,027	13,730
Effect of exchange rate fluctuations on cash held	4,732	(16,008)
Cash, end of year	\$ 8,135	\$ 320,027

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

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

The Canadian Bioceutical Corporation (formerly Allegiance Equity Corporation) (the "Company") was incorporated under the Business Corporations Act (Ontario) on April 2, 1974. The Company's office is located at 4576 Yonge Street, Suite 400, Toronto, Ontario, M2N 6N4, Canada. The Company is a publicly traded company whose shares trade on the TSX Venture Exchange (the "Exchange"), is involved in the natural health products industry, engaged in the manufacture and distribution of nutraceuticals to the North American marketplace and providing financial and business expertise to emerging corporations primarily in the pharmaceutical, medical and biotechnology industries. As well the Company's goal is to broaden its natural products offering by becoming a large-scale Licensed Producer of medical marijuana and cannabis-infused medicinals in Canada and to seek opportunities for expansion into the various US states. The Company's significant operations are in Canada.

On November 18, 2014, the Company acquired CGX Life Sciences Inc. (see Note 5), changed its name to The Canadian Bioceutical Corporation and began trading on the Exchange under the symbol "BCC".

These consolidated financial statements are prepared using International Financial Reporting Standards ("IFRS") and are presented on a going concern basis, which assumes the Company will continue to operate at least twelve months subsequent to March 31, 2016.

These consolidated financial statements have been prepared on the basis that the Company is a going concern and do not include adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments may be material. The Company's continued existence as a going concern is dependent upon, amongst other things, its ability to continue to obtain adequate ongoing debt and/or equity financing with creditors, officers, directors and stakeholders. In addition, the Company must also ultimately become profitable.

During the year ended March 31, 2016, the Company incurred net loss of \$2,896,736 (year ended March 31, 2015 - \$725,839) and, as of that date, the Company has an accumulated deficit of \$8,368,835 (March 31, 2015 - \$5,472,204). The ability of the Company to carry out its business plan rests with its ability to secure additional equity and other financing. Although the Company has been successful in obtaining financing from related parties and private placements in the past, the Company will likely require continued support. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements were approved and authorized by the Board of Directors on July 29, 2016.

2. Significant Accounting Policies

Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies described below have been consistent and applied to all periods presented unless otherwise noted.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries Prime Pharmaceutical Corporation ("Prime Pharmaceutical"), Primapharm Funding Corporation ("Primapharm"), Biocannabis Products Ltd. ("Biocannabis") and CGX Life Sciences Inc. ("CGX"). All intercompany transactions and balances have been eliminated. The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases.

CGX has two wholly owned subsidiaries the CinG-X Corporation ("CinG-X") and the CinG-X Corporation of America ("CinG-X America"), whose financial statements have been consolidated.

2. Significant Accounting Policies (continued)

Basis of consolidation (continued)

The Company's equity interest in Prime Pharmaceutical as at March 31, 2016 is 37.4% (March 31, 2015 - 37.4%). The Company has the right and the ability to obtain future economic benefits from the resources of Prime Pharmaceutical and is exposed to the related risks. The Company owns directly and indirectly, an equity interest that carries the right to elect the majority of the members of the Prime Pharmaceutical Board of Directors. The financial statements of Prime Pharmaceutical have been consolidated. Prime Pharmaceutical is not engaged in active operating activities.

Prime Pharmaceutical holds a 90.9% equity interest in Primapharm, an inactive corporation, as at March 31, 2016 (March 31, 2015 - 90.9%). The Company owns directly and indirectly, an equity interest that carries the right to elect the majority of the members of the Primapharm Board of Directors. Given this and its substantial interest in Primapharm, the financial statements of Primapharm have been consolidated.

Presentation and functional currency

The presentation currency of the Company and its subsidiaries is the Canadian Dollar.

The functional currency of the Company, Prime Pharmaceutical, Primapharm, and Biocannabis is the Canadian Dollar. The functional currency is the US Dollar for CGX, CinG-X and CinG-X America. The Company recognizes transactions in currencies other than the functional currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting period exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The results and financial position of all of the Company's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities, other than non-monetary items, for each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised in other comprehensive income (loss).

Use of significant accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates

Valuation of stock options and warrants

The Company values stock options and warrants using the Black-Scholes valuation model which requires a number of assumptions in relation to expected dividend yield, expected volatility and the risk-free rate of return. When stock options and warrants have multiple strike prices, the Company uses an option pricing model incorporating variable strike prices and weighted-average assumptions in relation to expected dividend yield, expected volatility and the risk-free rate of return. As such, there is inherent uncertainty in the estimation of the stock option and warrant valuations.

2. Significant accounting policies (continued)

Use of significant accounting estimates and judgements (continued)

Estimates (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Impairment of intellectual property and other long term assets including goodwill

While assessing whether any indications of impairment exist for intellectual property and other long term assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable of such assets. Internal sources of information include the manner in which assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's intellectual property and other assets, costs to sell the assets and the appropriate discount rate. The valuation of goodwill and impairment is dependent upon acquisition of a license pursuant to the provisions of the Marihuana for Medical Purposes Regulations.

Valuation of inventory

The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. Realization of this inventory is based upon the Company's ability to sell the remaining inventory.

Judgements

The Company's ability to continue as a going concern

At each reporting date, the Company assesses whether material uncertainties exist which cast doubt on the Company's ability to continue as a going concern.

Functional currency

Judgement is used in the determination of the Company's functional currency and the functional currency of its subsidiaries.

Lease

Judgement is used in the determination that the lease of a facility in Owen Sound (see note 15) is not an onerous contract as the Company expects to receive an economic benefit from the lease. Judgement is also used in the determination of the rent-free period in conjunction with lease renegotiations and medical marijuana licence application.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities
Taxes payable	Other financial liabilities
Due to related parties	Other financial liabilities

Fair value through profit and loss ("FVTPL"):

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of income (loss) and comprehensive income (loss).

The Company does not have any financial assets classified as FVTPL. In connection with the Acquisition (Note 5), the Company obtained a derivative liability, which was converted prior to March 31, 2015. The Company does not currently hold any derivative instruments or apply hedge accounting.

Available for sale:

Available for sale assets are those financial assets that are not classified as FVTPL, held to maturity or loans or receivables, and are carried at fair value. Any gains or losses arising from the change in fair value are recorded as other comprehensive income (loss). Available for sale securities are written down to fair value through the consolidated statements of income (loss) whenever it is necessary to reflect other-than-temporary impairment. If available for sale securities do not have a quoted market price in an active market, they are, measured at cost until such time that there is a permanent decline in value. Cumulative gains and losses arising upon the sale of the instrument are recognized in the consolidated statements of income (loss).

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statements of income (loss) and comprehensive income (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Fair value hierarchy:

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 of March 31, 2016 and March 31, 2015, none of the Company's financial instruments are recorded at fair value in the consolidated statements of financial position.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of an acquired business. The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the venture, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (continued)

Intangibles

Website

The Company acquired a website platform, which was already commercialized. The website platform costs were being amortized, prior to being written off, on a straight-line basis over the useful life of the asset, which was estimated to be 3 years.

Impairment of non-financial assets

The Company's intangibles with finite lives are reviewed for an indication of impairment at each balance sheet date. Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss. An impairment loss, other than goodwill impairment, is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Inventory

Inventory is comprised of finished goods of nutraceutical products and is recorded at the lower of cost or net realizable value. The cost of inventories is based on the first-in, first-out principle.

Loss per share

Basic loss per share is calculated using net loss attributable to parent company divided by the weighted average number of shares outstanding. Diluted loss per share is calculated assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

The determination of diluted loss per share for the periods presented excludes the impact of the conversion of stock options and warrants as the impact of conversion would be anti-dilutive.

Revenue recognition

The Company is currently in a phase in which existing products are being marketed and distributed jointly with various strategic partners. Existing licensing agreements comprise one-time payments (upfront payments) and royalty receipts for licensing and distribution of products.

The Company recognizes revenue from the sales in accordance with IAS 18, Revenue. The Company accounts for revenue as a principal using the guidance in IAS 18. Revenue from sales of CinG-X products is recognized only when the entity has transferred the significant risks and rewards of ownership, the entity retains neither continuing managerial involvement nor effective control, 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 cost incurred for the transaction can be measured reliably. The Company offers a 90-day return policy and records a sale return reserve of 25% of sales to cover any returns made under this policy.

2. Significant accounting policies (continued)

Revenue recognition (continued)

Non-refundable up-front payments received at the beginning of the licensing agreements are not recorded as revenue when received but are amortized on a straight-line basis over the terms of the agreements. In the event that an agreement is terminated, any non-refundable unrecognized upfront payments received are recorded in income.

Dividend income is recorded by the Company at the time the dividends become payable to the Company; interest income is recognized on an accrual basis; and, profits on the sale of marketable securities are recognized at the time of settlement. Unrealized gains and losses on the marketable securities, designated as available for sale, are recorded in other comprehensive income (loss).

Income taxes

Income tax on the consolidated statements of income (loss) for the periods presented comprises current and deferred tax. Income tax is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payments

The fair value of share-based payments granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in equity. For equity-settled share-based payment transactions with non-employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

For equity-settled share-based payment transactions with employees and other providing similar services, the fair value is measured at the grant date and recognized over the period during which the share-based payments vest. The fair value of the share-based payments granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share-based payments were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share-based payments that are expected to vest.

Comprehensive income

Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income (loss) ("OCI") includes unrealized gains and losses on available-for-sale securities, net of related income taxes and the currency translation reserve. The components of comprehensive income are disclosed in the consolidated statements of income (loss) and comprehensive income (loss). Cumulative changes in other comprehensive income are included in accumulated other comprehensive income (loss) ("AOCI") which is presented as a category in shareholders' deficiency.

2. Significant Accounting Policies (continued)

Investments

Investments in entities not controlled but subject to significant influence are accounted for using the equity method. As at March 31, 2016 and March 31, 2015, the Company had no investment in entities subject to significant influence.

Lease inducements

Lease inducements received are deferred with the benefit of the rental inducement accounted for as a reduction of rental expense over the term of the lease, resulting in a constant rental charge over the term of the lease.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) replaces the requirements in IAS 39 Financial Instruments: Recognition and Measurement for classification and measurement of financial assets. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. IFRS 9 also incorporates requirements for financial liabilities, most of which were carried forward unchanged from IAS 39. Certain changes were made to the fair value option for financial liabilities to address the issue of own credit risk. IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. Requirements related to hedge accounting, representing a new hedge accounting model, have been added to IFRS 9. The new model represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses.

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 16, Leases (“IFRS 16”) was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will reflect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

3. Capital Management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be capital stock, contributed surplus, accumulated other comprehensive income and deficit which at March 31, 2016 totaled deficit of \$(541,683) (March 31, 2015 - equity of \$1,781,046).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2016. The Company is not subject to any external capital requirements.

4. Financial Instruments

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

Credit risk

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

The Company's credit risk is primarily attributable to cash. The Company monitors the credit risk and credit standing of its customers on a regular basis. Cash is generally invested in cash accounts held in Canadian chartered banks or a financial institution controlled by a Canadian chartered bank. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2016, the Company had a cash balance of \$8,135 (March 31, 2015 - \$320,027) to settle current liabilities of \$374,208 (March 31, 2015 - \$161,986). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The ability for the Company to continue as a going concern is dependent on its ability to secure additional financing and achieve profitable operations.

Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. Certain significant transactions were conducted in US dollar currency. The Company does not hedge anticipated foreign currency changes. As at March 31, 2016, the Company held cash in US dollars of \$2,240 (CDN \$2,909) (March 31, 2015 - \$24,071 (CDN \$30,431)). A 10% change in foreign exchange rates would impact net loss by approximately \$300 (March 31, 2015 - \$3,000).

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

4. Financial Instruments (continued)

Fair values

The carrying values of cash and accounts payable, accrued liabilities and due to related parties approximate fair values due to the relatively short term maturities of these financial instruments. None of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position. The estimated fair value of long-term debt approximates its carrying value since it is subject to terms and conditions similar to those available to the Company for instruments with comparable terms.

5. Acquisition

On November 18, 2014, the Company completed a Business Combination when it closed a definitive agreement (the "Agreement") with CGX to acquire the remaining 95% of the issued and outstanding shares of CGX not already owned by the Company (the "Acquisition"). The total consideration paid was comprised of the following:

- (a) \$450,050 in common shares of the Company (being 9,001,000 at the market price on the date of closing of the Acquisition of \$0.05 per share) paid on closing; and
- (b) Original investment of \$23,438 in common shares of CGX (being the Company's previously owned 468,750 common shares of CGX at the estimated fair value price of \$0.05 per share).

The fair value of the 9,001,000 common shares issued as part of the consideration paid for CGX was based on the closing price of the common shares of the Company on November 18, 2014 on the Exchange. The fair value of the 468,750 common shares of CGX, previously owned by the Company, was based on CGX's most recent share issuance transactions. These instruments were fair valued at the date of the Acquisition, which resulted in a gain of \$18,750, which was recognized in the consolidated statement of loss and comprehensive loss. In connection with the Acquisition, the terms of CGX's convertible debt were modified to be convertible into shares of the Company, not CGX shares, at a conversion price of \$0.25 per share. As the conversion feature does not meet the fixed-for-fixed criteria, a derivative liability was recognized upon acquisition.

The allocation of the purchase price consideration is as follows:

Purchase price consideration:

9,001,000 common shares of the Company at \$0.05 per share	\$ 450,050
468,750 common shares of CGX previously owned by the Company at \$0.05 per share	23,438
	\$ 473,488

Net assets acquired:

Cash	\$ 31,064
Amounts receivable	960
Inventory	61,645
Prepaid expenses and deposits	413
Intangible assets	15,518
Goodwill	1,042,526
Accounts payable and accruals	(183,621)
Due to related parties	1,643
Convertible debt	(451,221)
Derivative liability of convertible debt	(45,439)
	\$ 473,488

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

5. Acquisition (continued)

The Company recognised goodwill of \$1,042,526 from the Acquisition. This goodwill is attributed to knowledge of the nutraceutical business, skilled employees and the ability to have the resources required to develop a license pursuant to the provisions of the Marihuana for Medical Purposes Regulations ("MMPR"), which will allow the Company to grow and distribute medical cannabis in Canada, as well as similar licenses in other US markets.

Transaction costs associated with the acquisition of \$117,427 were expensed.

6. Inventory

	As at March 31, 2016	As at March 31, 2015
Finished goods	\$ -	\$ 67,560

During the year ended March 31, 2016, the Company wrote down \$70,264 (March 31, 2015 - \$1,271) of inventory to \$nil due to expired products.

7. Intangible Assets

COST

Balance, March 31, 2014	\$ 10
Acquisition of CinG-X™ Website (Note 5)	15,518
Additions	2,000
Foreign exchange	80
Balance, March 31, 2015	17,608
Additions	2,207
Foreign exchange	415
Write-off	(20,230)
Balance, March 31, 2016	\$ -

ACCUMULATED AMORTIZATION

Balance, March 31, 2014	\$ -
Amortization for the year	2,571
Balance, March 31, 2015	2,571
Amortization for the year	6,413
Write-off	(8,984)
Balance, March 31, 2016	\$ -

NET BOOK VALUE

At March 31, 2015	\$ 15,037
At March 31, 2016	\$ -

During the year ended March 31, 2016, the Company wrote down \$11,246 (March 31, 2015 - \$nil) of intangible assets to their recoverable amount of \$nil. The write-down was the result of the lack of sales of the product for which the website exists.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

8. Goodwill

At March 31, 2014	\$	-
Acquired (Note 5)		1,042,526
Foreign currency		123,394
At March 31, 2015		1,165,920
Write-off		(1,165,920)
At March 31, 2016	\$	-

During the year ended March 31, 2016, the Company wrote down \$1,165,920 (March 31, 2015 - \$nil) of goodwill to its recoverable amount of \$nil. The write-down was the result of a change in the Company's business strategy.

9. Long Term Debt and Convertible Debt

(a) Promissory note

On July 15, 2009, the Company received \$185,000 by way of a promissory note. The promissory note bore interest at 7% per annum (payable quarterly), was unsecured and due on July 15, 2012. The promissory note was extended past its initial due date of July 15, 2012 by way of an extension on June 25, 2012. The extension agreement was amended on September 15, 2013. Under the amended agreement, the interest rate payable increased from 7% to 8% per annum (payable quarterly) and the maturity date was extended to July 15, 2015.

On November 1, 2014, in anticipation of the Acquisition, the note payable was modified to include a conversion feature, convertible into units of the Company at a price of \$0.25 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at \$0.25 until January 15, 2016. All other terms of the note remained the same. This was deemed to be a modification of debt rather than an extinguishment, and as a result of the modification, the value of the liability component was determined to be \$164,182 using a net present value calculation assuming a discount rate of 20% per annum. As a result, the value of the equity component of \$20,818 was recorded within shareholders' equity.

On January 10, 2015, the promissory note, with a face value of \$169,008, and accrued interest of \$25,930 was converted into 846,155 units. At the time of conversion, the warrants had an estimated value of \$58,325 at the date of grant using an option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 124%; (iii) risk-free interest rate of 0.81%; (iv) share price of \$0.18; (v) expected life of 1 year; and (vi) forfeiture rate of 0. The expected volatility is based on the Corporation's historical trading prices. An amount of \$158,023 was converted to shares, which made up the residual value after allocating the valuation of the warrants, above, the accrued interest, and the equity portion of the debt. On February 3, 2014, the Company received final Exchange approval to settle the note into units (Note 12).

At March 31, 2015, the promissory note was converted in its entirety to shares and warrants.

(b) Convertible debentures from Acquisition

In connection with the Acquisition (Note 5), the Company acquired four convertible debentures, with a face value of \$440,000 USD, whose terms were modified to be convertible into common shares of the Company, not CGX shares, at a conversion price of \$0.25 per share. The original terms of the debentures remained the same. Under the terms the debentures bear interest at 10% per annum and have due dates ranging from September 5, 2015 to July 7, 2016. The value of the liability components, carried at amortized cost, at the time of acquisition, was determined using a net present value calculation assuming a discount rate of 20% per annum. This resulted in a valuation of \$451,221, as well as the recognition of a derivative liability component, as the conversion feature does not meet the fixed-for-fixed criteria.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

9. Long Term Debt and Convertible Debt (continued)

(b) Convertible debentures from Acquisition (continued)

Immediately prior to conversion, the liability component had a carrying value of \$478,811 CDN, due to accretion expense as well as fluctuations in the US Dollar. The derivative liability was also revalued, and had a fair value of \$47,746. At the date of conversion, January 10, 2015, the balance of outstanding convertible debt, including the derivative portion and interest payable of \$39,522, was converted into 2,215,792 common shares with a deemed value of \$553,948. On February 3, 2014, the Company received final Exchange approval to convert the debentures into shares.

At March 31, 2015, the convertible debt had been converted in its entirety to shares.

10. Capital Stock

(a) Authorized

Unlimited number of common shares without par value.

(b) Common shares issued

	Number of common shares	Value
Balance, March 31, 2014	9,164,957	\$ 4,173,220
Acquisition of CGX Life Sciences Inc. (Note 5)	9,001,000	450,050
Shares issued on private placement (i)	15,000,000	750,000
Transaction costs (i)	-	(2,508)
Allocated to warrants (i)	-	(413,729)
Shares issued on private placement (ii)	1,923,077	250,000
Transaction costs (ii)	-	(2,000)
Conversion of convertible debt (Note 9)	3,061,947	711,971
Balance, March 31, 2015	38,150,981	\$ 5,917,004
Shares issued on private placements (iii)	1,078,572	377,500
Transaction costs (iii)	-	(38,250)
Exercise of warrants (Note 12)	2,000,000	100,000
Fair value of warrants	-	54,898
Exercise of options (Note 11)	40,000	2,000
Fair value of options	-	2,373
Balance, March 31, 2016	41,269,553	\$ 6,415,525

- (i) On December 15, 2014, the Company closed a non-brokered private placement (the "Placement") for 15,000,000 units (the "Units") at a purchase price of \$0.05 per unit for gross proceeds of \$750,000. Each unit consists of one common share of the Company and one common share purchase warrant (the "Warrant"). Each Warrant is exercisable to acquire one common share of the Company at a price of \$0.05 until December 15, 2015 and thereafter at a price of \$0.10 per share until December 15, 2017 at which time the Warrants will expire. A value of \$413,729 was attributed to the 15,000,000 warrants issued as part of the placement based on the relative fair values of the share and warrant components of the unit offering and has been included in contributed surplus. The fair value of the Warrants has been estimated at the date of grant using an option pricing model incorporating variable strike prices with the following assumptions: (i) expected dividend yield of 0%; (ii) average expected volatility of 120%; (iii) average risk-free interest rate of 1.01%; (iv) share price of \$0.07; (v) forfeiture rate of 0; and (vi) expected life of 3 years. The expected volatility is based on the Corporation's historical trading prices. Cash transaction costs of \$1,992 and \$2,508 were allocated to the warrant and common share components, respectively.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

10. Capital Stock (continued)

- (ii) On December 23, 2014, the Company closed a non-brokered private placement for 1,923,077 common shares at a purchase price of \$0.13 per share for gross proceeds of \$250,000. Cash transaction costs associated with the placement were \$2,000.
- (iii) On June 22, 2015, the Company closed a private placement for gross proceeds of \$377,500 through the issuance of 1,078,572 common shares at a price of \$0.35 per share. In relation to the equity financing, an aggregate of \$38,250 was paid to companies who acted as agents in the transaction.

11. Stock Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to qualified directors, officers, employees, and consultants of the Company. The maximum number of shares allocated to be made available to be issued under the Plan shall not exceed 10% of the issued and outstanding shares at the time of grant. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The following summarizes the stock option activities under the Plan:

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2014	664,000	\$ 0.30
Granted (i)	2,700,000	0.05
Expired	(332,000)	0.30
Balance, March 31, 2015	3,032,000	\$ 0.08
Granted (ii), (iii), (iv)	850,000	0.23
Exercised (v)	(40,000)	0.05
Cancelled (iii)	(250,000)	0.25
Balance, March 31, 2016	3,592,000	\$ 0.10

- (i) On December 16, 2014, the Company granted 2,700,000 stock options to certain consultants, employees and directors of the Company. The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 153%; (iii) risk-free interest rate of 1.00%; (iv) share price of \$0.07; forfeiture rate of 0; and (v) expected life of 3 years. The expected volatility is based on the Company's historical trading prices. The stock options vested immediately and the Company recognized an expense of \$160,204 in the consolidated statement of income (loss) and comprehensive income (loss).
- (ii) On June 9, 2015 the Company entered into a consulting agreement with Greenlight Capital ("GLC") whereby GLC will, on a non-exclusive basis, source and introduce financing candidates to BCC for the purposes of providing additional equity or convertible debt private placement financing on a best efforts basis. As part of this agreement GLC was granted 300,000 stock options. The vesting of the options is contingent on GLC securing a minimum of \$2,750,000 in financing. The exercise price of these stock options is \$0.25 and they will expire on December 16, 2017. No amounts have been recorded as services have not yet been provided.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

11. Stock Options (continued)

- (iii) On June 22, 2015 the Company entered into a consultancy agreement with Dr. Miles Thompson, B.Sc, Ph.D. to advise and assist the Company in the development of its nutraceutical products, including derivatives and concentrates of cannabinoid-based medicinal. In return for his services, Dr. Thompson has been granted 250,000 stock options which vest 180 days from the date of the agreement. The Company cancelled these stock options during the vesting period. In the absence of a reliable measurement of the fair value of the services received, the services have been measured at the fair value of the options issued. The exercise price of these stock options is \$0.25 and they expire on December 22, 2017. The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 160%; (iii) risk-free interest rate of 0.62%; (iv) share price of \$0.27; forfeiture rate of 0; and (v) expected life of 2.5 years. The expected volatility is based on the Company's historical trading prices. The Company recognized an expense of \$54,275 in the consolidated statement of loss and comprehensive loss.
- (iv) On July 9, 2015, the Company granted 300,000 stock options to two officers of the Company with an exercise price of \$0.1875. The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 155%; (iii) risk-free interest rate of 0.46%; (iv) share price of \$0.31; forfeiture rate of 0; and (v) expected life of 3 years. The expected volatility is based on the Company's historical trading prices. The stock options vested immediately and the Company recognized an expense of \$73,230 in the consolidated statement of loss and comprehensive loss.
- (v) The weighted average share price on the date of exercise was \$0.24.

The following table reflects the outstanding and exercisable stock options as at March 31, 2016:

Number of Options Outstanding and Remaining Life Exercisable	Remaining Life (Years)	Average Exercise Price (\$)	Expiry Date
332,000	0.43	0.30	September 24, 2016
300,000	1.27	0.1875	July 9, 2017
2,660,000	1.71	0.05	December 16, 2017
3,292,000	1.55	0.09	

12. Warrants

	Number of Warrants	Amount
Balance, March 31, 2014	700,000	\$ 23,068
Expired	(700,000)	(23,068)
Granted (Note 10(b)(i))	15,846,155	213,661
Transaction costs (Note 10(b)(i))	-	(1,992)
Balance, March 31, 2015	15,846,155	\$ 211,669
Exercised	(2,000,000)	(54,898)
Balance, March 31, 2016	13,846,155	\$ 156,771

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

12. Warrants (continued)

The following table reflects the outstanding warrants as at March 31, 2016:

Number of Warrants Outstanding	Exercise Price (\$)	Expiry Date
13,000,000	0.05 - 0.10	December 15, 2017
846,155	0.25	January 15, 2016
13,846,155		

13. Related Party Transactions

Related party transactions not disclosed elsewhere are summarized below:

- (i) Included in management fees is \$nil, for the year ended March 31, 2016 (year ended March 31, 2015 - \$40,000) paid for management services to Goliath Oil and Gas Corporation ("Goliath") that is controlled by a director and the former President and CEO of the Company. At March 31, 2016, an amount of \$nil (March 31, 2015 - \$nil) was owed to Goliath for management services and is included in accounts payable and accrued liabilities. On November 18, 2014, the director stepped down as President and CEO of the Company (Note 5).
- (ii) During the year ended March 31, 2016, the President and CEO advanced \$22,000 to the Company. The advance is interest free, has no fixed repayment date and is due on demand.

Related party transactions not disclosed elsewhere are summarized below: (continued)

Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	Years Ended March 31,	
	2016	2015
Salaries and benefits	\$ 211,000	\$ 85,000
Stock-based compensation	73,230	59,335

The above noted transactions are in the normal course of business and are measured at the exchange amount as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

At March 31, 2016, each of the directors with control of less than 10% of the common shares of the Company collectively control 6,856,330 common shares of the Company or approximately 16.61% of the total common shares outstanding.

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

14. General and Administrative

	Years Ended March 31,	
	2016	2015
Amortization	\$ 6,413	\$ 3,685
Consulting fees (Note 13)	-	3,826
Management fees (Note 13)	-	40,000
Occupancy cost	557,509	-
Office and general	144,343	16,579
Professional fees	104,177	77,463
Project costs	66,707	61,979
Financing costs	82,272	-
Salaries and benefits	447,127	191,736
Sales and marketing	5,191	19,045
Stock-based compensation (Note 11)	127,505	160,204
Trustee fees, regulatory and corporate services	107,888	25,009
	\$ 1,649,132	\$ 599,526

15. Commitments and Contingency

Legal Claim

On May 28, 2014, a legal claim was filed against a former director of the Company and Prime Pharmaceutical. The claim is related to a traffic accident involving the plaintiff and the former director. The plaintiff is seeking damages of \$1,000,000 and additional legal costs from the former director and Prime Pharmaceutical. Management believes that this claim is without merit. Prime Pharmaceutical's insurance provider is managing the legal defense and will vigorously defend the claim. As such, a contingent liability has not been set up on the consolidated statements of financial position.

Leases

On February 25, 2015, BioCannabis entered into a lease of a facility in Owen Sound for the production of medical marijuana. The term of the original lease is 15 years and six months, beginning April 1, 2015. However, due to the delay by Health Canada issuing a license to the Company under the Marihuana for Medical Purposes Regulations, a delay outside the control of the Company, the landlord and the Company have entered into discussions to renegotiate the lease obligation including an extension of the rent free period. Due to a lease inducement period and renegotiation with the landlord, no lease payments were made during the year ended March 31, 2016. The Company recognized \$557,509 (2015 - \$nil) of occupancy costs. In addition to the lease commitments below, the Company has agreed to spend \$250,000 in leasehold improvements with the landlord to develop the facility.

Total lease commitments are as follows:

2017	\$ 570,360
2018	570,360
2019	570,360
2020	607,779
2021	607,779
2022 and beyond	5,904,874
	\$ 8,831,512

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

15. Commitments and Contingency (continued)

Acquisition of Equipment

The Company has entered into an agreement to purchase from Roto-Gro International Limited (RIL) no less than 60 Advanced Model 420 Roto-Grow rotary hydroponic garden systems, at \$9,000 per unit, which have been specially adapted for the commercial production of medical cannabis. The agreement is conditional on applicable financing. No units have currently been purchased.

RIL has agreed to deliver and install the units at BCC's proposed medical marijuana production facility in Owen Sound Ontario and will provide training in the operation and maintenance of the equipment and with ongoing technical support.

The Agreement also grants the Company a right of first refusal to acquire the exclusive right to acquire Roto-Gro units in Canada and provides for a 10% commission to be paid to the Company in the event that it facilitates a sale to any future affiliated or indirectly-related medical cannabis producers in the U.S.

FertaMax Brand

On April 7, 2015, the Company, through CGX, acquired all assets related to the FertaMax brand (the "Brand"). This included all inventory held with both the seller and the manufacturer, all marketing materials including the website and all intellectual property of the Brand. The aggregate consideration payable for the purchased assets will be \$80,000 payable as follows:

- \$7 per bottle of inventory held by the seller, payable only from the actual proceeds of sales made by CGX for the actual inventory sold, calculated and payable monthly; and
- 10% of gross revenue before any sales taxes and net of returns, calculated and payable monthly.

16. Income Taxes

(a) Provisions for Income Taxes

The provision for income taxes reflects an effective income tax rate, which differs from the Canadian combined federal and provincial statutory rate of approximately 26.5% (March 31, 2015 - 26.5%) as follows:

	2016	2015
Loss before income taxes	\$ (2,896,736)	\$ (725,839)
Expected income tax recovery based on statutory rate:	(767,635)	(192,347)
Adjustment to expected income tax benefit:		
Current period temporary differences - occupancy costs	147,740	-
Current period temporary differences - impairment	330,536	-
Current period temporary differences - other	46,657	(15,432)
Stock-based compensation	33,789	42,454
Effect of higher tax rates in foreign jurisdiction	(55,340)	(48,233)
Change in benefit of tax assets not recognized	264,253	213,558
Deferred income tax provision (recovery)	\$ -	\$ -

The Canadian Bioceutical Corporation
Notes to the Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in Canadian Dollars)

16. Income Taxes (continued)

(b) Deferred Income Tax Balances

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2016	2015
Deferred tax assets:		
Loss for income taxes	\$ 1,046,433	\$ 774,263
Share issue costs	8,109	31,130
Equipment and intellectual property	105,511	91,257
Other	-	(850)
Total	\$ 1,160,053	\$ 895,800

As at March 31, 2016, the Company and its subsidiaries have non-capital losses for income tax purposes of approximately \$3,738,442 (March 31, 2015 - \$2,739,737). If not utilized, the non-capital losses will expire as follows:

2026	\$ 60,000
2027	34,000
2028	122,000
2029	236,463
2030	324,368
2031	208,219
2032	303,187
2033	362,384
2034	638,359
2035	482,352
2036	967,110
	\$ 3,738,442

The other temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

17. Proposed transactions

Letter of intent

On January 21, 2016, the Company entered into a Letter of Intent to acquire a group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

As the LOI also provides for the extension of these services to several other states, including locations in Nevada, the Company has temporarily postponed its plans for a direct launch of its own operations in Nevada (including, for greater certainty, the proposed license purchase transaction and the proposed financing transaction).

The purchase price for the Business will be US \$22.5 million, in cash on closing, and the Company has engaged a European-based capital advisory group to work with the Company in arranging financing for up to US \$30 million to complete the purchase and provide for expansion capital as well as general working capital.

17. Proposed transactions (continued)

Letter of intent (continued)

Pursuant to the Letter of Intent, the closing of the transaction is scheduled to occur on or before May 15, 2016 (see Note 18) and is conditional on agreement of closing documentation, the Company securing adequate purchase price financing, approval of the Board of Directors of the Company and all necessary regulatory approvals.

18. Subsequent Events

(i) On April 4, 2016 the Company raised an initial £40,000 (\$72,743) against an offering of up to £80,000 in convertible debentures ("Debentures") to arm's length investors. Proceeds of this financing will be used to fund the initial costs of the acquisition of a U.S.-based medical marijuana enterprise as well as for the opportunities in other US States that are presented as a result of the proposed acquisition (see Note 17).

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Company (the "Units") at the option of the subscriber at any time until maturity at a price of either (a) \$0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35 (the "Conversion Price").

Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$ 0.65 (the "Warrant Share Price").

(ii) On May 11, 2016 the Company, pursuant to its rolling stock option plan, one of its directors has been issued 40,000 common shares as a result of an option exercise.

(iii) On May 17, 2016 the Company announced that the target date to consummate the purchase as more particularly set forth in the Letter of Intent it entered into on January 21, 2016 (see Note 17) has, with mutual consent of the Vendor, been extended to August 10, 2016.

(iv) On June 7, 2016 the Company closed the second and final tranche of its private placement offering of the Debentures to arm's length investors announced on April 4, 2016. The Company received aggregate loan gross proceeds of £60,000 (\$110,278). No fees or commissions were paid as part of the financing. On closing the second tranche, BCC received an additional £20,000 (\$37,536) of loan gross proceeds.

Proceeds of this financing will be used to fund the initial costs of the acquisition of a U.S.-based medical marijuana enterprise as well as for the opportunities in other US States that are presented as a result of the proposed acquisition (see Note 17).

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Company (the "Units") at the option of the subscriber at any time until maturity at a price of either (a) \$0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35 (the "Conversion Price").

18. Subsequent Events (continued)

(iv) (continued) Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65 (the "Warrant Share Price").

The Debentures, and any common shares issuable upon conversion thereof, will be subject to a four-month hold period in accordance with applicable securities laws. The offering is subject to the final approval of the TSX Venture Exchange.

(v) On June 10, 2016 the Company announced that options and warrants were exercised by two persons (a director and a consultant) providing for the issuance of an aggregate of 530,000 common shares. The underlying options were initially granted pursuant to BCC's "rolling" stock option plan and the Warrants were issued in relation to the private placement that closed on December 14, 2014. Taking into effect the issuance of common shares as set forth herein, BCC has issued and outstanding 41,839,553 common shares.



THE CANADIAN BIOCEUTICAL CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED

SEPTEMBER 30, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of The Canadian Bioceutical Corporation (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position reporting date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make the statements not misleading in light of the circumstances under which it is made, at of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as at the date at and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Canadian Bioceutical Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	September 30, 2016	March 31, 2016
Assets		
Current		
Cash	\$ 9,646	\$ 8,135
HST receivable	6,897	10,181
Deposits	25,092	25,092
Total current assets	41,635	43,408
Non-current		
Deposits	44,814	44,814
Total non-current assets	44,814	44,814
Total Assets	\$ 86,449	\$ 88,222
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 515,757	\$ 351,215
Sales return reserve	989	993
Due to related parties (Note 7)	56,138	22,000
Total current liabilities	572,884	374,208
Non-current		
Lease inducement (Note 9)	836,263	557,509
Convertible debentures (Note 3)	73,038	-
Option component of convertible debentures (Note 3)	27,362	-
Total Liabilities	1,509,547	931,717
Shareholders' Equity (Deficit)		
Capital stock (Note 4)	6,489,300	6,415,525
Contributed surplus	1,287,129	1,310,654
Accumulated other comprehensive income	93,167	100,973
Deficit	(8,990,882)	(8,368,835)
Equity attributable to shareholders of the Company	(1,121,286)	(541,683)
Non-controlling interest	(301,812)	(301,812)
Total Shareholders' Equity (Deficit)	(1,423,098)	(843,495)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 86,449	\$ 88,222

Nature of Operations and Going Concern (Note 1)
Commitments and Contingency (Notes 5 and 9)

Approved on behalf of the Board

Signed "Scott Boyes"
Director

Signed "David Layman"
Director

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

The Canadian Bioceutical Corporation
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
REVENUE				
Sales	\$ -	\$ 2,047	\$ -	\$ 5,073
Cost of Sales	-	(1,460)	-	(1,866)
	-	587	-	3,207
EXPENSES				
General and administrative (Note 8)	291,619	298,784	560,625	584,610
	(291,619)	(298,197)	(560,625)	(581,403)
OTHER INCOME (EXPENSE)				
Accretion expense	(3,316)	-	(6,160)	-
Foreign exchange	(683)	(3,105)	5,694	(2,735)
Fair value change of option component of convertible debentures (Note 3)	5,401	-	16,038	-
Interest expense	(2,849)	-	(2,849)	-
Transaction costs (Note 10)	-	-	(74,145)	-
NET LOSS FOR THE PERIOD	(293,066)	(301,302)	(622,047)	(584,138)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Currency translation reserve	7	8,464	(7,806)	7,406
COMPREHENSIVE LOSS FOR THE PERIOD	\$ (293,059)	\$ (292,838)	\$ (629,853)	\$ (576,732)
NET LOSS ATTRIBUTABLE TO:				
Parent company	\$ (293,066)	\$ (301,276)	\$ (622,047)	\$ (584,086)
Non-controlling interest	-	(26)	-	(52)
	\$ (293,066)	\$ (301,302)	\$ (622,047)	\$ (584,138)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Parent company	\$ (293,059)	\$ (292,812)	\$ (629,853)	\$ (576,680)
Non-controlling interest	-	(26)	-	(52)
	\$ (293,059)	\$ (292,838)	\$ (629,853)	\$ (576,732)
LOSS PER SHARE ATTRIBUTABLE TO PARENT COMPANY				
BASIC AND DILUTED	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
BASIC AND DILUTED	41,856,292	39,329,352	41,633,378	38,889,244

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

The Canadian Bioceutical Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Deficit	Non- controlling interest	Total
Balance, March 31, 2015	\$ 5,917,004	\$ 1,240,420	\$ 95,826	\$ (5,472,204)	\$ (301,707)	\$ 1,479,339
Exercise of warrants	100,000	-	-	-	-	100,000
Fair value of warrants exercised	54,898	(54,898)	-	-	-	-
Exercise of options	750	-	-	-	-	750
Fair value of options exercised	890	(890)	-	-	-	-
Private placements	377,500	-	-	-	-	377,500
Cost of issue	(38,250)	-	-	-	-	(38,250)
Stock-based compensation	-	73,230	-	-	-	73,230
Net loss and comprehensive loss for the period	-	-	7,406	(584,086)	(52)	(576,732)
Balance, September 30, 2015	\$ 6,412,792	\$ 1,257,862	\$ 103,232	\$ (6,056,290)	\$ (301,759)	\$ 1,415,837
Balance, March 31, 2016	\$ 6,415,525	\$ 1,310,654	\$ 100,973	\$ (8,368,835)	\$ (301,812)	\$ (843,495)
Exercise of warrants (Note 6)	32,500	-	-	-	-	32,500
Fair value of warrants exercised (Note 6)	2,461	(2,461)	-	-	-	-
Exercise of options (Note 5)	17,750	-	-	-	-	17,750
Fair value of options exercised (Note 5)	21,064	(21,064)	-	-	-	-
Net loss and comprehensive loss for the period	-	-	(7,806)	(622,047)	-	(629,853)
Balance, September 30, 2016	\$ 6,489,300	\$ 1,287,129	\$ 93,167	\$ (8,990,882)	\$ (301,812)	\$ (1,423,098)

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

The Canadian Bioceutical Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Six Months Ended
September 30,
2016 2015

Cash (used in) provided by:

Operating Activities

Net loss for the period	\$ (622,047)	\$ (584,138)
Items not affecting cash		
Amortization	-	3,207
Foreign exchange	712	-
Stock-based compensation	-	73,230
Accretion expense	6,160	-
Fair value change of option component of convertible debentures	(16,038)	-
Occupancy cost (Note 9)	278,754	-

(352,459) (507,701)

Net changes in non-cash working capital

Inventory	-	(42,531)
HST receivable	3,284	(462)
Prepaid expenses and deposits	-	(68,769)
Accounts payable and accrued liabilities	164,542	5,035
Taxes payable	-	(167)
Sales return reserve	(4)	1,023
Contingent payable	-	39,200

Net cash used in operating activities (184,637) (574,372)

Investing Activities

Purchase of intangibles	-	(2,066)
-------------------------	---	---------

Net cash provided by (used in) investing activities - (2,066)

Financing Activities

Proceeds from private placements	-	377,500
Issuance cost	-	(38,250)
Deferred financing costs	-	(91,272)
Proceeds from convertible debentures	110,278	-
Proceeds from warrant exercise	32,500	100,000
Proceeds from option exercise	17,750	750
Advances from related parties	33,426	-

Net cash provided by financing activities 193,954 348,728

Change in cash during the period 9,317 (227,710)

Cash, beginning of year 8,135 320,027

Effect of exchange rate fluctuations on cash held (7,806) 7,037

Cash, end of period \$ 9,646 \$ 99,354

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

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Going Concern

The Canadian Bioceutical Corporation (formerly Allegiance Equity Corporation) (the "Company") was incorporated under the Business Corporations Act (Ontario) on April 2, 1974. The Company's office is located at 4576 Yonge Street, Suite 400, Toronto, Ontario, M2N 6N4, Canada. The Company is a publicly traded company whose shares trade on the TSX Venture Exchange (the "Exchange"), is involved in the natural health products industry, engaged in the manufacture and distribution of nutraceuticals to the North American marketplace and providing financial and business expertise to emerging corporations primarily in the pharmaceutical, medical and biotechnology industries. As well the Company's goal is to broaden its natural products offering by becoming a large-scale Licensed Producer of medical marijuana and cannabis-infused medicinals in Canada and to seek opportunities for expansion into the various US states. The Company's significant operations are in Canada.

On November 18, 2014, the Company acquired CGX Life Sciences Inc., changed its name to The Canadian Bioceutical Corporation and began trading on the Exchange under the symbol "BCC".

These unaudited condensed interim consolidated financial statements are prepared using International Financial Reporting Standards ("IFRS") and are presented on a going concern basis, which assumes the Company will continue to operate at least twelve months subsequent to September 30, 2016.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company is a going concern and do not include adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments may be material. The Company's continued existence as a going concern is dependent upon, amongst other things, its ability to continue to obtain adequate ongoing debt and/or equity financing with creditors, officers, directors and stakeholders. In addition, the Company must also ultimately become profitable.

During the six months ended September 30, 2016, the Company incurred net loss of \$622,047 (six months ended September 30, 2015 - \$584,138) and, as at that date, the Company has an accumulated deficit of \$8,990,882 (March 31, 2016 - \$8,368,835). The ability of the Company to carry out its business plan rests with its ability to secure additional equity and other financing. Although the Company has been successful in obtaining financing from related parties and private placements in the past, the Company will likely require continued support. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements were approved and authorized by the Board of Directors on November 23, 2016.

2. Significant Accounting Policies

Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as at November 23, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended March 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant Accounting Policies (continued)

Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries Prime Pharmaceutical Corporation ("Prime Pharmaceutical"), Primapharm Funding Corporation ("Primapharm"), Biocannabis Products Ltd. ("Biocannabis") and CGX Life Sciences Inc. ("CGX"). All intercompany transactions and balances have been eliminated. The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases.

CGX has two wholly owned subsidiaries the CinG-X Corporation ("CinG-X") and the CinG-X Corporation of America ("CinG-X America"), whose financial statements have been consolidated.

The Company's equity interest in Prime Pharmaceutical as at September 30, 2016 is 37.4% (March 31, 2016 - 37.4%). The Company has the right and the ability to obtain future economic benefits from the resources of Prime Pharmaceutical and is exposed to the related risks. The Company owns directly and indirectly, an equity interest that carries the right to elect the majority of the members of the Prime Pharmaceutical Board of Directors. The financial statements of Prime Pharmaceutical have been consolidated. Prime Pharmaceutical is not engaged in active operating activities.

Prime Pharmaceutical holds a 90.9% equity interest in Primapharm, an inactive corporation, as at September 30, 2016 (March 31, 2016 - 90.9%). The Company owns directly and indirectly, an equity interest that carries the right to elect the majority of the members of the Primapharm Board of Directors. Given this and its substantial interest in Primapharm, the financial statements of Primapharm have been consolidated.

Changes in accounting policies

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At April 1, 2016, the Company adopted the amendments and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") replaces the requirements in IAS 39 Financial Instruments: Recognition and Measurement for classification and measurement of financial assets. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. IFRS 9 also incorporates requirements for financial liabilities, most of which were carried forward unchanged from IAS 39. Certain changes were made to the fair value option for financial liabilities to address the issue of own credit risk. IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. Requirements related to hedge accounting, representing a new hedge accounting model, have been added to IFRS 9. The new model represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses.

2. Significant Accounting Policies (continued)

New standards not yet adopted and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

IFRS 16, Leases ("IFRS 16") was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will reflect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

3. Convertible Debt

On April 4, 2016 and June 7, 2016 the Company closed convertible debenture tranches of \$72,743 and \$37,535, respectively, of its private placement offering of the Debentures to arm's length investors. No fees or commissions were paid as part of the financing.

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Company (the "Units") at the option of the subscriber at any time until maturity at a price of either (a) \$0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35 (the "Conversion Price").

Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six months following the closing date at either (at the option of the holder): (a) \$0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65 (the "Warrant Share Price").

The Debentures, and any common shares issuable upon conversion thereof, will be subject to a four-month hold period in accordance with applicable securities laws.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and option component of convertible debentures. The option component of convertible debentures is considered a derivative liability. The Company valued the conversion option of the debentures by using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend of 0%; expected volatility of 163%; risk free interest rate of 0.53%; and an expected life of 3 years. The liability component of convertible debentures was initially valued as the difference between the face value of the debentures and the conversion option calculated above. Based on this calculation, the liability component was \$66,878 and the option component of convertible debentures was \$43,400 on issuance.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

3. Convertible Debt (continued)

On September 30, 2016, the fair value of the option component of convertible debentures was estimated at \$27,362 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 125%; risk free interest rate of 0.58%; and an expected life of 2.5 years. As a result the Company recorded an unrealized gain on option component of convertible debentures for the six months ended September 30, 2016 of \$16,038.

4. Capital Stock

(a) Authorized

Unlimited number of common shares without par value.

(b) Common shares issued

	Number of common shares	Value
Balance, March 31, 2015	38,150,981	\$ 5,917,004
Shares issued on private placement (i)	1,078,572	377,500
Transaction costs (i)	-	(38,250)
Exercise of warrants (Note 6)	2,000,000	100,000
Fair value of warrants	-	54,898
Exercise of options (Note 5)	15,000	750
Fair value of options	-	890
Balance, September 30, 2015	41,244,553	\$ 6,412,792
Balance, March 31, 2016	41,269,553	\$ 6,415,525
Exercise of warrants (Note 6)	325,000	32,500
Fair value of warrants	-	2,461
Exercise of options (Note 5)	355,000	17,750
Fair value of options	-	21,064
Balance, September 30, 2016	41,949,553	\$ 6,489,300

- (i) On June 22, 2015, the Company closed a private placement for gross proceeds of \$377,500 through the issuance of 1,078,572 common shares at a price of \$0.35 per share. In relation to the equity financing, an aggregate of \$38,250 was paid to companies who acted as agents in the transaction.

5. Stock Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to qualified directors, officers, employees, and consultants of the Company. The maximum number of shares allocated to be made available to be issued under the Plan shall not exceed 10% of the issued and outstanding shares at the time of grant. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. At September 30, 2016, the Company had the ability to issue options to purchase a further 1,589,955 shares pursuant to the Plan. The following summarizes the stock option activities under the Plan:

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

5. Stock Options (continued)

The following table shows the continuity of options:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2015	3,032,000	\$ 0.08
Granted (ii), (iii)	550,000	0.25
Exercised	(15,000)	0.05
Balance, September 30, 2015	3,567,000	\$ 0.10
Balance, March 31, 2016	3,292,000	\$ 0.10
Exercised (iv)	(355,000)	0.05
Expired	(332,000)	0.30
Balance, September 30, 2016	2,605,000	\$ 0.08

- (i) On June 9, 2015 the Company entered into a consulting agreement with Greenlight Capital (“GLC”) whereby GLC will, on a non-exclusive basis, source and introduce financing candidates to BCC for the purposes of providing additional equity or convertible debt private placement financing on a best efforts basis. As part of this agreement GLC was granted 300,000 stock options. The vesting of the options is contingent on GLC securing a minimum of \$2,750,000 in financing. The exercise price of these stock options is \$0.25 and they will expire on December 16, 2017. No amounts have been recorded as services have not yet been provided.
- (ii) On June 22, 2015 the Company entered into a consultancy agreement with Dr. Miles Thompson, B.Sc, Ph.D. to advise and assist the Company in the development of its nutraceutical products, including derivatives and concentrates of cannabinoid-based medicinal. In return for his services, Dr. Thompson was granted 250,000 stock options which vest 180 days from the date of the agreement. The Company cancelled these stock options during the vesting period. In the absence of a reliable measurement of the fair value of the services received, the services have been measured at the fair value of the options issued. The exercise price of these stock options is \$0.25 and they expire on December 22, 2017. The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 160%; (iii) risk-free interest rate of 0.62%; (iv) share price of \$0.27; forfeiture rate of 0; and (v) expected life of 2.5 years. The expected volatility is based on the Company’s historical trading prices. The Company recognized an expense of \$54,275 in the condensed interim consolidated statement of loss and comprehensive loss.
- (iii) On July 9, 2015, the Company granted 300,000 stock options to two officers of the Company with an exercise price of \$0.1875. The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 155%; (iii) risk-free interest rate of 0.46%; (iv) share price of \$0.31; forfeiture rate of 0; and (v) expected life of 3 years. The expected volatility is based on the Company’s historical trading prices. The stock options vested immediately and the Company recognized an expense of \$73,230 in the condensed interim consolidated statement of loss and comprehensive loss.
- (iv) The weighted average share price on the date of exercise was \$0.105. Insiders of the Company exercised 155,000 options at \$0.05 for gross proceeds of \$7,750.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

5. Stock Options (continued)

The following table reflects the outstanding and exercisable stock options as at September 30, 2016:

Number of Options Outstanding and Exercisable	Remaining Life (Years)	Average Exercise Price (\$)	Expiry Date
300,000	0.77	0.1875	July 9, 2017
2,305,000	1.21	0.05	December 16, 2017
2,605,000	1.16	0.07	

6. Warrants

	Number of Warrants	Amount
Balance, March 31, 2015	15,846,155	\$ 211,669
Exercised	(2,000,000)	(54,898)
Balance, September 30, 2015	13,846,155	\$ 156,771
Balance, March 31, 2016	13,846,155	\$ 156,771
Exercised	(325,000)	(2,461)
Expired	(846,155)	(58,325)
Balance, September 30, 2016	12,675,000	\$ 95,985

The following table reflects the outstanding warrants as at September 30, 2016:

Number of Warrants Outstanding	Exercise Price (\$)	Expiry Date
12,675,000	0.10	December 15, 2017

7. Related Party Transactions

Related party transactions not disclosed elsewhere are summarized below:

- (i) During the year ended March 31, 2016, the President and CEO advanced \$22,000 to the Company. The advance is interest free, has no fixed repayment date and is due on demand.
- (ii) During the six months ended September 30, 2016, shareholders of the Company advanced £20,000 (\$34,138) to the Company. The advance is interest free, has no fixed repayment date and is due on demand.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

7. Related Party Transactions (continued)

Related party transactions not disclosed elsewhere are summarized below: (continued)

Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Salaries and benefits	\$ 44,000	\$ 66,000	\$ 88,000	\$ 132,000
Stock-based compensation	-	73,230	-	73,230

The above noted transactions are in the normal course of business and are measured at the exchange amount as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

At September 30, 2016, each of the directors with control of less than 10% of the common shares of the Company collectively control 7,011,330 common shares of the Company or approximately 16.71% of the total common shares outstanding.

8. General and Administrative

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Amortization	\$ -	\$ 1,604	\$ -	\$ 3,207
Occupancy cost	139,377	-	278,754	-
Office and general	14,257	35,765	37,013	90,836
Professional fees	64,885	30,723	76,998	62,066
Project costs	-	(19,580)	-	(1,410)
Salaries and benefits	67,083	130,707	134,166	269,718
Sales and marketing	-	2,836	-	5,026
Stock-based compensation (Note 5)	-	73,230	-	73,230
Trustee fees, regulatory and corporate services	6,017	43,499	33,694	81,937
	\$ 291,619	\$ 298,784	\$ 560,625	\$ 584,610

9. Commitments and Contingency

Legal Claim

On May 28, 2014, a legal claim was filed against a former director of the Company and Prime Pharmaceutical. The claim is related to a traffic accident involving the plaintiff and the former director. The plaintiff is seeking damages of \$1,000,000 and additional legal costs from the former director and Prime Pharmaceutical. Management believes that this claim is without merit. Prime Pharmaceutical's insurance provider is managing the legal defense and will vigorously defend the claim. As such, a contingent liability has not been set up on the unaudited condensed interim consolidated statements of financial position.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

9. Commitments and Contingency (continued)

Leases

On February 25, 2015, BioCannabis entered into a lease of a facility in Owen Sound for the production of medical marijuana. The term of the original lease is 15 years and six months, beginning April 1, 2015. However, due to the delay by Health Canada issuing a license to the Company under the Marihuana for Medical Purposes Regulations, a delay outside the control of the Company, the landlord and the Company have entered into discussions to renegotiate the lease obligation including an extension of the rent free period. Due to a lease inducement period and renegotiation with the landlord, no lease payments were made during the year ended March 31, 2016 and six months ended September 30, 2016. The Company recognized \$278,754 (six months ended September 30, 2015 - \$nil) of occupancy costs. In addition to the lease commitments below, the Company has agreed to spend \$250,000 in leasehold improvements with the landlord to develop the facility.

Total lease commitments are as follows:

2017	\$ 285,180
2018	570,360
2019	570,360
2020	607,779
2021	607,779
2022 and beyond	6,190,054
	\$ 8,831,512

Acquisition of Equipment

The Company has entered into an agreement to purchase from Roto-Gro International Limited (RIL) no less than 60 Advanced Model 420 Roto-Grow rotary hydroponic garden systems, at \$9,000 per unit, which have been specially adapted for the commercial production of medical cannabis. The agreement is conditional on applicable financing. No units have currently been purchased.

RIL has agreed to deliver and install the units at BCC's proposed medical marijuana production facility in Owen Sound Ontario and will provide training in the operation and maintenance of the equipment and with ongoing technical support.

The Agreement also grants the Company a right of first refusal to acquire the exclusive right to acquire Roto-Gro units in Canada and provides for a 10% commission to be paid to the Company in the event that it facilitates a sale to any future affiliated or indirectly-related medical cannabis producers in the U.S.

FertaMax Brand

On April 7, 2015, the Company, through CGX, acquired all assets related to the FertaMax brand (the "Brand"). This included all inventory held with both the seller and the manufacturer, all marketing materials including the website and all intellectual property of the Brand. The aggregate consideration payable for the purchased assets will be \$80,000 payable as follows:

- \$7 per bottle of inventory held by the seller, payable only from the actual proceeds of sales made by CGX for the actual inventory sold, calculated and payable monthly; and
- 10% of gross revenue before any sales taxes and net of returns, calculated and payable monthly.

The Canadian Bioceutical Corporation
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars)
(Unaudited)

10. Proposed transactions

On September 1, 2016, the Company entered into a Consultancy and Advisory Agreement with U.K-based, Island Investments Holdings Limited and Walmer Capital Limited to provide advice and assistance in respect of the January 21, 2016 Letter of Intent in which the Company sought to enter medical marijuana related business in the United States. The Agreement provides for an advisory fee of \$500,000 and a finder's fee equal to 1% of any financing arranged as a result of the advice of the two advisors. All fees are paid only on the successful completion of the targeted acquisition.

On September 9, 2016, the Company successfully re-negotiated a Letter of Intent to acquire a group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

As the LOI also provides for the extension of these services to several other states, including locations in Nevada, the Company has temporarily postponed its plans for a direct launch of its own operations in Nevada (including, for greater certainty, the proposed license purchase transaction and the proposed financing transaction).

The purchase price for the Business will be US \$25 million, payable in US \$15 million cash on closing and the issuance of a promissory note of US\$10 million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured by the assets of the Business. The Company shall have the option to pre-pay the promissory note at any time without penalty.

On September 9, 2016, Company formally engaged Chrystal Capital Partners LLP, a London-based capital advisory group to work with the Company in arranging financing for up to US \$20 million to complete the purchase and provide for expansion capital as well as general working capital.

As of the date of these financial statements, due diligence has substantially been concluded, much of the financing has been arranged and work is completed in respect of the negotiation and drafting of closing documents. The transaction is in a position to close in escrow in the near future subject to final approval of the Exchange. The Company has expensed \$74,145 directly related to this transaction during the six months ended September 30, 2016.

Pursuant to the capital advisory agreement with Chrystal Capital, BCC successfully completed the acquisition of the Business by raising US \$27,033,759 (\$35 million) through the issuance of 177,409,011 common shares. Financing costs associated with this transaction are:

- (i) 9% work fee - \$3,189,104 paid in cash
- (ii) 15,913,655 warrants with an exercise price of \$0.20 each (valued at \$3,182,731)
- (iii) consulting fees of 4,274,090 common shares (valued at \$854,818)

11. Subsequent Events

On January 24, 2017, the Company appointed Elizabeth (Beth) Stavola as President of the Company's wholly owned subsidiary, CGX. Upon effecting the appointment, the Corporation granted stock options to Ms. Stavola and her team, providing the right to acquire the following:

- (a) 3,500,000 common shares at an exercise price of \$0.20 per common share, which shall vest immediately;
- (b) 3,500,000 common shares at an exercise price of \$0.60 per common share, which shall vest after the second anniversary of Ms. Stavola's employment with CGX; and
- (c) 3,500,000 common shares at an exercise price of \$1.00 per common share, which shall vest after the third anniversary of the Ms. Stavola's employment with CGX.

SCHEDULE "B"
BCC MANAGEMENT'S DISCUSSION AND ANALYSIS



**Management's Discussion and Analysis of Financial
Condition and Results of Operations
As at and for the three-month period and fiscal year ended March 31st, 2016**

This management discussion and analysis has been prepared from information available to The Canadian Bioceutical Corporation ("BCC" or the "Corporation" as at August 4, 2016 and should be read in conjunction with the audited March 31, 2016 consolidated financial statements and related notes which were prepared in accordance with International Financial Reporting Standards ("IFRS") All figures are in Canadian dollars unless stated otherwise.

This MD&A contains certain forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward looking statements"). These statements relate to future events or to future performance of BCC. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", or "believes", or variations of, or the negatives of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the opinions and estimates of management as at the date the information is given, and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as at the date of this MD&A or as of the date specified in such statement.

Additional information relevant to the Corporation's activities, including the Corporation's news releases can be found on SEDAR at www.sedar.com and at the Corporation's website www.canadianbioceutical.com.

Unless otherwise stated, all amounts refer to Canadian dollars.

Description of the Business

The Corporation and its subsidiaries develop, patent, produce, market and sell innovative nutraceutical products intended for the treatment of chronic medical conditions where existing treatments fail to meet the needs of patients or where consumers prefer herbal and plant-based medicines out of their concern for the potential side effects associated with modern pharmaceutical medicines.

BCC may obtain patents and regulatory approvals and then license its technologies for royalties and upfront payments or directly produce and market such products.

On January 7, 2015, the Corporation announced that its intention to expand its activities into the cultivation and production of one of the most significant nutraceutical products to emerge in the past decades, medical cannabis and medicinal derivatives produced from the cannabis plant. The Corporation applied to Health Canada for a license to produce marijuana under the Marihuana for Medical Purposes Regulations (MMPR) and has invested considerable management time and expense in the furtherance of its application, approval of which remains pending. BCC continues to respond to inquiries for additional information from Health Canada and benefits from the ongoing support of municipal and business leaders from the City of Owen Sound.

The Corporation has also entered into a Letter of Intent in respect of the acquisition of a medical cannabis business in the state of Arizona and is in discussions for cannabis-based initiatives in other U.S. states.

The Corporation's principal products currently include:

CinG-X™

BCC developed CinG-X™, a unique product which combines standardized cinnamon and ginseng extracts which has been indicated to synergistically control glucose metabolism, improve cognitive function, and simultaneously minimize the risk of developing and treating cardiovascular disease, diabetes, dementia and Alzheimer's.

Additionally, CinG-X™ is a proprietary additive that enhances the value of any food, beverage or nutritional supplement and can be combined with most other ingredients.

The Corporation has received official notice of patent protection for CinG-X in the United States.

Reliéva™

Prime Pharmaceutical Corporation ("Prime"), a partially-owned affiliate controlled by BCC, invented an extraction process which increases the concentration of the beneficial alkaloids from Mahonia Aquifolium by up to 75 times to create its proprietary extract Psorberine™. These alkaloids have demonstrated anti-proliferative, anti-inflammatory, anti-microbial, anti-oxidative and anti-fungal capabilities.

Psorberine™ has been incorporated into both topical cream and lotion products sold under the brand name Reliéva™.

Prime had conducted clinical trials for Reliéva™ on eczema with results exceeding expectations. The trial enrolled 48 patients and a total of 93.75% of the enrolled patients improved and 47.5% cleared up completely.

Prime received Health Canada approval for its “Reliéva™” micro-emulsion formulation on December 12, 2011 (License NPN [80008437](#)) and the extraction process has received patent approval in both Canada and the United States.

The Corporation is currently formulating plans for the monetization of the Reliéva™ product with very promising export negotiations currently in process.

FertaMax™

On April 7, 2015, the Corporation, through its subsidiary CGX Life Sciences Inc. (“CGX”), acquired all assets related to the FertaMax brand (the “Brand”). This included all inventory held with both the seller and the manufacturer, all marketing materials including the website and all intellectual property of the Brand. The aggregate consideration payable for the purchased assets will be \$80,000 payable in the form of a royalty calculated as 10% of gross revenue before any sales taxes and net of returns, calculated and payable monthly.

The Corporation has entered into a Letter of Intent for a distribution arrangement for the Middle East. Delays in securing a Natural Product Number (“NPN”) from Health Canada had delayed furtherance of this initiative but the NPN was obtained in June and the project is moving forward with launch expected in fiscal Q3 of this year.

Significant Events During the Year

In November 2015, the Corporation announced that, with a grant from the Government of Ontario through the Ontario Centres of Excellence (OCE) as well as the Natural Sciences and Research Council of Canada (NSERC), it had entered into an agreement to cooperate with Loyalist College, based in Brockville Ontario, for the development of a Supercritical Carbon Dioxide Extraction Technology.

The initiative resulted from a thorough production audit of our Reliéva™ cream for psoriasis and eczema and it became apparent to management that the Corporation needed to improve the extraction process for the active ingredient used in this product. The main goals are to consistently extract a product of high quality employing Loyalist College’s advanced expertise in super-critical carbon dioxide extraction, but with minimal solvent use, as well as establishing proper testing protocols for this specialized field. The project commenced in late November 2015 with preliminary results expected in calendar Q3 2016. The Relieva™ product line will become a very important part of the Corporation’s business in the near future and it is expected to be ready for market early during fiscal Q4 2017. As well, these advanced extraction technologies can be subsequently utilized for the production of many other plant-based medicinals by BCC, including cannabis derivative medicines.

Medical Marijuana Initiatives

On January 21, 2016, BCC announced that it had entered into a Letter of Intent to acquire a group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business"). The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

BCC's due diligence has confirmed that the Business has expected revenue well in excess of US\$18 million for fiscal 2017, Revenues are growing by 20% quarterly, resulting in attractive earnings and cash flows. Accordingly, the closing of this transaction could result in financial results and growth prospects for BCC which compare favourably with other Canadian publicly-traded companies in the medical marijuana sector.

As the Letter of Intent also provides for the extension of these services to several other states, including locations in Nevada, BCC has, as a result abandoned its plans for a direct launch of its own operations in Nevada (including, for greater certainty, the proposed Nevada license purchase transaction and the proposed financing transaction as respectively set forth in BCC's News Releases of August 10, 2015 and September 1, 2015.

If successful in acquiring the targeted Business, BCC expects to be able to utilize the cash flows from our US operations to help support our plans for the cannabis production facility in Owen Sound, Ontario and to expand and share market knowledge, production practises, technologies, branding and strategic relationships between our MMJ operations on both sides of the border.

The purchase price for the Business will be US \$22.5 million, payable with a combination of stock and cash. BCC has engaged Toronto-based VeraCap M&A International and a prominent London (U.K.) based capital advisory group to work with BCC in arranging financing for up to US \$30 million to complete the purchase and provide for expansion capital as well as general working capital.

As of the date of this MDA, due diligence has substantially been concluded, much of the financing has been arranged and work continues on the negotiation and drafting of closing documents.

Pursuant to the Letter of Intent as amended and extended until August 10, 2016, the closing of the transaction is conditional on agreement of closing documentation, BCC securing adequate purchase price financing, approval of the Board of Directors of BCC and all necessary regulatory approvals.

As a caution, BCC's management advises that, while the prospects for completion of the transaction remain promising, significant obstacles remain that could delay or prevent a successful closing, including the finalization of adequate funding on terms and conditions satisfactory to BCC and the negotiation of a Purchase Agreement and other related documentation agreeable to both the Sellers and BCC.

BCC's application Canada for approval of a license to cultivate, process and market medical marijuana in Canada continues to be reviewed by Health Canada. Correspondence with Health Canada has been ongoing with the most recent information request received and responded to during July 2016.

SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with the management discussion and analysis, the consolidated financial statements and related notes and other financial information.

Summary of Quarterly Results

The Corporation's quarterly information in the table below is prepared in accordance with IFRS:

Three Months Ended	Profit or Loss		Total Assets (\$)
	Total (\$)	Per Share (\$)	
March 31, 2016 ⁽¹⁾	(2,091,932)	(0.05)	88,222
December 31, 2015 ⁽²⁾	(228,072)	(0.01)	1,441,280
September 30, 2015 ⁽³⁾	(292,838)	(0.01)	1,622,914
June 30, 2015 ⁽⁴⁾	(283,894)	(0.01)	1,712,725
March 31, 2015 ⁽⁵⁾	(312,613)	(0.02)	1,641,325
December 31, 2014 ⁽⁶⁾	(364,273)	(0.02)	1,897,166
September 30, 2014 ⁽⁷⁾	(21,789)	0.00	25,651
June 30, 2014 ⁽⁸⁾	(27,286)	0.00	47,224

Selected Financial Information

	2016	2015	2014
Canadian dollars , except share amounts	\$	\$	\$
Cash	8,135	320,027	13,730
Total assets	88,223	1,641,325	56,336
Working capital (deficiency)	(330,800)	253,568	(87,044)
Cash provided by (used in) operations	(777,667)	(707,156)	(79,991)
Common Shares outstanding	41,269,553	38,950,181	9,164,957
Revenue	5,960	7,138	--
Cost of operations	1,651,215	601,500	56,573
Net income (loss)	(2,896,736)	(725,839)	6,633
Net loss per share- basic and diluted	(0.07)	(0.04)	(0.00)

Results of Operations

Twelve months ended March 31, 2016 compared to the twelve months ended March 31, 2015

The Corporation's comprehensive net loss totalled \$2,896,736 for year ended March 31, 2016, with basic and diluted loss per share of \$0.07. This compares with a comprehensive net loss of \$725,839 with basic and diluted loss per share of \$0.04 for year ended March 31, 2015. A large part of the increased loss was due to the write off of goodwill and intangible assets resulting from the November 18, 2014 acquisition of CGXLS. As noted earlier the corporation's management determined that these assets were impaired and accordingly they were written down to zero. The corporation also wrote off \$70,264 in inventory that would soon be expiring.

During the twelve months ended March 31, 2015 the Corporation had expended considerable resources to obtain a medical marijuana license from Health Canada under its MMPR program. The Corporation continues to dialogue with the Ministry of Health but no indication has been given as to when BCC will obtain provisional approval.

During the twelve months ended March 31, 2016 the Corporation was involved almost exclusively in establishing a presence in the U.S. medical marijuana market, specifically Nevada and Arizona. This involved researching several potential investments, negotiating and entering into two Letters of Intent specifically geared to entering the respective markets, undertaking due diligence and completing closing documentation. This activity alone resulted in \$104,177 professional fees, \$66,707 project costs and \$82,272 in direct financing costs. Salaries and benefits for the Corporation's employees totalled \$447,127 after the employees accepted a reduction in salary. During the year stock based compensation of \$127,505 was awarded to the Corporation's senior management.

Three months ended March 31, 2016 compared to three months ended March 31, 2015

The Corporation's comprehensive net loss totalled \$1,524,625 for the three months ended March 31, 2016, with basic and diluted loss per share of \$0.04. This compares with a net loss of \$312,491 with basic and diluted loss per share of \$0.02 for the three months ended March 31, 2015.

Net loss for the three months ended March 31, 2016 resulted mainly from the write off of goodwill and intangible of \$1,177,166, the write down of obsolete inventory of \$70,264 and the accruing of contracted salaries and benefits of \$200,621. Other costs for the quarter included amortization of \$1,603, consulting fees of \$5,178, office and general of \$5,064, financing costs of \$10,000 and trustee and regulatory fees of \$11,661.

Net loss for the three months ended March 31, 2015 resulted from office and general of \$5,187, professional fees of \$52,034, project costs of \$61,979, trustee and regulatory fees of \$24,217 and salaries and benefits of \$191,736.

Liquidity

As at March 31, 2016, the Corporation had current liabilities of \$374,208 (March 31, 2015, \$161,986) due within 12 months and cash of \$8,135, (March 31, 2015, \$320,027) to meet its current obligations. As at March 31, 2016, the Corporation had negative working capital of \$330,800 compared to March 31, 2015 when the Corporation had positive working capital of \$253,568. The ability of the Corporation to continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Corporation's trade payables have contractual maturities that are subject to normal trade terms.

Accounts payable and accrued liabilities increased by \$205,493 to \$351,215 for the year ended March 31, 2016 compared to \$142,722 at March 31, 2015. During the year the Corporation eliminated all non-critical expenses. Only those expenses related to meeting its stated objective of entering the Canadian and U.S. medical marijuana markets and regulatory were permitted. The Corporation continues to monitor and manage expenses aggressively as its main business development projects are in the development stage.

Capital Resources

For its long term business objectives, the Corporation will require funds to develop products and to expand its business into new market areas, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be available to the Corporation in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Corporation. The Corporation does not presently have any other fixed commitments for material capital expenditures over the near or long term.

Off-Balance Sheet Arrangements

At March 31, 2016, the Corporation had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

Related Party Transactions

Due to Related Parties	As at March 31, 2016	As at March 31, 2015
W. Scott Boyes (CEO and Director)	\$22,000	Nil

⁽¹⁾ Represents an advance from the CEO of the Corporation and is non-interest bearing and due on demand.

Related Party Transactions Names	Year ended March 31, 2016	Year ended March 31, 2015
W. Scott Boyes (President and Director) ⁽¹⁾	\$108,000	\$45,000
M. Arnkværn (CMO) ⁽¹⁾	\$103,000	\$40,000

⁽¹⁾ Represent salaries and benefits paid and accrued for the year.

Stock-based Compensation Names	Year ended March 31, 2016	Year ended March 31, 2015
W. Scott Boyes (President and Director) ⁽¹⁾	\$36,615	Nil
M. Arnkværn (CEO) ⁽¹⁾	\$36,615	Nil

⁽¹⁾ On July 9, 2015 the Corporation granted options to acquire 300,000 common shares at an exercise price of \$0.1875 per share to the named officers of the Company.

Capital Management

The Corporation manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Corporation monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Corporation considers its capital to be capital stock, contributed surplus, accumulated other comprehensive loss and deficit which at March 31, 2016 totaled equity of \$(541,683) (March 31, 2015 - \$1,781,046).

The Corporation manages capital through its financial and operating forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities. Selected information is provided to the Board of Directors of the Corporation. The Corporation's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2016. The Corporation is not subject to any external capital requirements.

Financial Instruments

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

Credit Risk

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

The Corporation's credit risk is primarily attributable to cash. The Corporation monitors credit risk and credit standing of its customers on a regular basis. Cash is generally invested in cash accounts held in Canadian chartered banks or a financial institution in the United States controlled by a Canadian chartered bank. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2016, the Corporation had a cash balance of \$8,135 (March 31, 2015 - \$320,027) to settle current liabilities of \$374,208 (March 31, 2015 - \$161,986). Most of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The ability of the Corporation to continue as a going concern is dependent on its ability to secure additional financing and achieve profitable operations.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency rates. The Corporation's functional currency is the Canadian dollar. Certain significant transactions were conducted in US dollar currency. The Corporation does not hedge anticipated foreign currency changes. As at March 31, 2016, the Corporation held cash in US dollars of \$2,240 (CDN \$2,909) (March 31, 2015 - \$24,071). A 10% change in foreign exchange rates would impact net loss by approximately \$300 (March 31, 2015 - \$3,000).

Fair Values

The carrying values of cash, amounts receivable and accounts payable, accrued liabilities and due to related parties approximate fair values due to the relatively short term maturities of these financial instruments. The Corporation's financial instruments measured at fair market value on the consolidated statements of financial position consist of marketable securities and are measured at Level 1 of the fair value hierarchy. The estimated fair value of long term debt approximates its carrying value since it is subject to terms and conditions similar to those available to the Corporation for instruments with comparable terms. The fair value of the instruments has not been presented as the fair value information for these financial instruments are not reliably determinable. The Corporation is subject to fair value risk as it relates to marketable securities.

Disclosure of Outstanding Share Data

As at the date of this report, common shares and share equivalents issued and outstanding were:

Class	Number of Equivalent Shares
Common Shares	41,269,553
Stock Options	3,592,000
Warrants	13,846,155
Fully Diluted	58,707,708

As at the date of this report 2,660,000 of the options and all of the warrants were in- the-money.

Dividend Policy

No dividends have been paid on any shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

The Stock Option Plan

At its November 18, 2014 Special and Annual Meeting of Shareholders, the Corporation's shareholders approved a "Rolling Stock Option Plan" to provide for incentive stock options to be issued in the maximum amount that would be equal to ten percent (10%) of the Corporation's issued and outstanding common shares at the date of grant.

The Corporation's options that were issued and outstanding prior to the adoption of the Rolling Stock Option Plan became subject to the new Plan.

The Rolling Stock Option Plan was approved by the TSXV and is administered by the Corporation's Compensation Committee. Any options granted (including the terms thereof) are subject to the approval of the TSXV.

On June 22, 2015 the Company entered into a consultancy agreement with Dr. Miles Thompson, BSc, Ph.D. to advise and assist the Company in the development of its nutraceutical products, including derivatives and concentrates of cannabinoid-based medications. In return for his services, Dr. Thompson was granted an option to purchase 250,000 common shares which vests 180 days from the date of the agreement. The exercise price of this stock option is \$0.25 per share and the stock option will expire on December 22, 2017. These options have since been forfeited by Dr. Thompson.

On June 9, 2015 the Company entered into a consulting agreement with Greenlight Capital ("GLC") whereby GLC will, on a non-exclusive basis, source and introduce financing candidates to BCC for the purposes of providing additional equity or convertible debt private placement financing on a best efforts basis. As part of this agreement GLC will be granted an option to purchase 300,000 common shares at an exercise price of \$0.25 per share. The option is contingent on GLC securing a minimum of \$2,750,000 in financing. The stock option expires on December 16, 2017.

Risk Factors

Due to the nature of the BCC's business, the legal and economic climate in which it operates and the present stage of development of its business, the Corporation may be subject to significant risks. An investment in the Corporation's shares should be considered highly speculative. BCC's future

development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Corporation will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Corporation and there can be no assurance that BCC will achieve its objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

History of Operating Losses

To date, BCC has not recorded any significant revenues from the sale of nutraceutical products, including those derived from cannabis. Since incorporation, BCC has accumulated net losses and expects such losses to continue until such time as product sales generate sufficient revenues to fund continuing operations.

Early Stage Development

BCC has not begun to market any product or to generate revenues. The Corporation expects to spend a significant amount of capital to fund the acquisition of real estate, equipment and licenses which will allow it to commence cultivation and production of its cannabis products in the United States and Canada as well as promote the launch and distribution of its FertaMax, CinG-X and Reliéva nutraceuticals. As a result, the Company expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. The Corporation cannot entirely predict when, if ever, it will be profitable.

Ability to Manage Growth

Recent rapid growth in all areas of BCC's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. BCC expects operating expenses and staffing levels to increase in the future. To manage such growth, the BCC must expand its operation and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the BCC will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Corporation's expansion could have a material adverse effect on its business and results of operations.

Unproven Market

BCC believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including legal and regulatory changes, competition from other products and the degree of commercial viability of the potential products.

Manufacturing, Product Development and Marketing Capability

Although its business plans include the establishment of facilities for cannabis cultivation and the production of cannabis-based medicines, the Corporation currently has no in-house cultivation, manufacturing, nutraceutical development or marketing capability. To be successful, all products must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. BCC intends to contract with third parties to produce some of its products. No assurance can be given that the Corporation or its suppliers will be able to meet the supply requirements of the Corporation in respect of the product development or commercial sales.

To be successful, an approved product must also be successfully marketed. The market for the BCC's product being developed by the Corporation may be large and will require substantial sales and marketing capability. At the present time, BCC does not have any internal capability to market nutraceutical products. It intends to enter into one or more strategic partnerships or collaborative arrangements with other companies for marketing and distribution expertise to address this need. If necessary, BCC will establish arrangements with various partners for geographical areas. There can be no assurance that the BCC can market, or can enter into satisfactory arrangements with third parties to market its products in a manner that would assure its acceptance in the market place. However, if satisfactory arrangements with third parties to market and/or distribute its products is obtained; the BCC will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources and attention to the Corporation's programs, which may hinder efforts to market the products. Should BCC not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Corporation will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

BCC will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Corporation intends to manage these third party relationships to ensure continuity and quality, some events beyond the BCC's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operations of the Corporation.

Need for Additional Capital and Access to Capital Markets

BCC will need additional capital to fully implement its business plans to enter the medical cannabis markets in the U.S. and Canada and to further the distribution and sales of its nutraceutical products. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for

shareholders. There can be no assurance that the Corporation will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable. Failure to obtain such additional financing could result in delay or indefinite postponement of one or more components of the BCC's business objectives.

Competition

The market for BCC's products is highly competitive. The Corporation will compete with other producers for market share. Many of its competitors have greater financial and operational resources and more experience than BCC. These and other companies may have developed or could in the future develop new technologies or products that compete with those of the Corporation.

Competition in BCC's markets is primarily driven by (i) cost-effective production and distribution, (ii) ability to develop, maintain and protect proprietary and branded products and (iii) success in establishing and protecting effective distribution channels.

Lack of Diversity

Larger companies have the ability to manage their risk through diversification. However, BCC currently lacks diversification, in terms of the nature of its business. As a result, BCC could potentially be more impacted by factors affecting the nutraceutical development industry in general and BCC in particular than would be the case if the business was more diversified. Currently, BCC's primary focus is the development and sale of cannabis based medicinals and its three nutraceutical products, FertaMax, CinG-X and Reliéva. Accordingly, BCC is dependent on its ability to produce and market these products and any factor that materially adversely affects its ability to do so may have a material adverse effect on BCC's financial condition and results of operations.

Inability to Implement the Business Strategy

The growth and expansion of BCC's business is heavily dependent upon the successful implementation of BCC's business strategy. There can be no assurance that BCC will be successful in the implementation of its business strategy.

Regulatory Risk

In both the U.S., Canadian and other foreign markets, the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale and storage of cannabis based medicines and nutraceuticals are affected by a body of laws, governmental regulations, administrative determinations, including those by Food and Drug Administration in the U.S. Health Canada and many state and provincial

regulators, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of Government in foreign jurisdictions. In spite of regulations now existing in 26 U.S. states, the production and sale of cannabis products remains federally illegal in the United States. There can be no assurance that BCC and BCC's partners are in compliance with all of these laws, regulations and other constraints. BCC and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of BCC or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead BCC and its partners to discontinue product development and sale and could have an adverse effect on the business.

International Operations

BCC's planned operations and marketing initiatives outside of Canada expose it and its representatives, agents and distributors to risks inherent to operating in foreign jurisdictions which could materially adversely affect its operations and financial position. These risks include (i) country-specific taxation policies, (ii) imposition of additional foreign governmental controls or regulations, (iii) export license requirements, (iv) changes in tariffs and other trade restrictions, and (v) complexity of collecting receivables and managing cash receipts in a foreign jurisdiction.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located or another jurisdiction agreed upon by the parties. BCC cannot accurately predict whether such forum will provide an effective and efficient means of resolving disputes that may arise in the future. Even if it obtains a satisfactory decision through arbitration or a court proceeding, BCC could have difficulty in enforcing any award or judgment on a timely basis or at all.

Issuance of Debt

From time to time, the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the BCC's debt levels above industry standards. The level of the Corporation's indebtedness from time to time could impair BCC's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Dilution and Future Issuances of Shares

The Corporation may issue additional shares in the future, which may dilute a shareholder's holdings in BCC. The Corporation's articles permit the issuance of an unlimited number of the Corporation's shares and an unlimited number of preferred shares, issuable in series, and the shareholders of BCC will have no pre-emptive rights in connection with such further issuances. The board of directors of the Corporation has the discretion to determine the provisions attaching to any series of preferred shares and the price and the terms of issue of further issuances of Corporation's shares.

Outlook and Conclusions

The prospects for the Corporation remain uncertain. The Corporation continues to seek our acquisition opportunities in the nutraceutical sector, specifically in the medical marijuana industry and also is making ongoing efforts to develop distribution channels for its CinG-X, Reliéva and FertaMax products.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Corporation's officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, disclosure controls and procedures and internal control over financial reporting as defined in NI-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Subsequent Events (after March 31, 2016)

- (1) On April 4, 2016 the Company raised an initial £40,000 (\$72,743) against an offering of up to £80,000 in convertible debentures ("Debentures") to arm's length investors. Proceeds of this financing will be used to fund the initial costs of the acquisition of a U.S.-based medical marijuana enterprise as well as for the opportunities in other US States that are presented as a result of the proposed acquisition (see Note 18(ii)).

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Company (the "Units") at the option

of the subscriber at any time until maturity at a price of either (a) \$0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than \$0.35 (the "Conversion Price").

Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$ 0.65 (the "Warrant Share Price").

- (2) On May 11, 2016 the Company, pursuant to its rolling stock option plan, one of its directors has been issued 40,000 common shares as a result of an option exercise.
- (3) On May 17, 2016 the Company announced that the target date to consummate the purchase as more particularly set forth in the Letter of Intent it entered into on January 21, 2016 (see Note 18(ii)) has, with mutual consent of the Vendor, been extended to June 15, 2016.
- (4) On June 7, 2016 the Company closed the second and final tranche of its private placement offering of the Debentures to arm's length investors announced on April 4, 2016. The Company received aggregate loan gross proceeds of £60,000 (\$110,278). No fees or commissions were paid as part of the financing. On closing the second tranche, BCC received an additional £20,000 (\$37,536) of loan gross proceeds.

Proceeds of this financing will be used to fund the initial costs of the acquisition of a U.S.-based medical marijuana enterprise as well as for the opportunities in other US States that are presented as a result of the proposed acquisition (see Note 18(ii)).

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Company (the "Units") at the option of the subscriber at any time until maturity at a price of either (a) \$0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the

subscriber exercises its right of conversion, but, in any case, not less than \$0.35 (the "Conversion Price").

Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six (36) months following the closing date at either (at the option of the holder): (a) \$0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than \$0.65 (the "Warrant Share Price").

The Debentures, and any common shares issuable upon conversion thereof, will be subject to a four-month hold period in accordance with applicable securities laws. The offering is subject to the final approval of the TSX Venture Exchange.

- (5) On June 10, 2016 the Company announced that options and warrants were exercised by two persons (a director and a consultant) providing for the issuance of an aggregate of 530,000 common shares. The underlying options were initially granted pursuant to BCC's "rolling" stock option plan and the Warrants were issued in relation to the private placement that closed on December 14, 2014. Taking into effect the issuance of common shares as set forth herein, BCC has issued and outstanding 41,839,553 common shares.

Management's Responsibilities

Management is responsible for all information contained in this report. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim consolidated financial statements in all material aspects.

The Audit Committee has reviewed the audited condensed interim consolidated financial statements with management. The Board of Directors approved the audited condensed interim consolidated financial statements on the recommendation of the Audit Committee on July 29, 2016.

Investor Caution

Investors should be aware that:

- 1) *Companies cannot legally conduct a medical marijuana business without a license from Health Canada and that there is significant time and cost required to obtain such a*

license. As a publicly-traded Corporation publicizing its intention to enter the medical marijuana industry, BCC urges potential investors in any Corporation in this sector, to become familiar with the required resources and the related risks, costs implications and time required before a Corporation will be able to begin licensed operations. There is no assurance that any Corporation announcing its intent to enter the medical marijuana industry will be successful in obtaining a license or in creating shareholder value, and

- 2) *The cultivation, production and sale of cannabis and cannabidiol derivatives products is now legal in 26 U.S. states, but remains a Schedule 1 drug, federally, and therefore remains illegal under U.S. Federal law.*

“REVIEW AND APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors, on the recommendation of the Audit Committee, approved the contents of this MD&A on July 29, 2016. This MD&A includes a discussion of the Corporation's operating and financial results for the year ended March 31, 2016 and 2015, and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended March 31, 2016 and 2015 appearing on SEDAR's website at www.sedar.com.”

August 4, 2016.

“Scott Boyes (signed)”

Scott Boyes
President and Chief Executive Officer

“Donald Stott (signed)”

Donald Stott
Chief Financial Officer



Management's Discussion and Analysis of Financial Condition and Results of Operations

As at and for the three-month and six month periods ended September 30, 2016

This management discussion and analysis has been prepared from information available to The Canadian Bioceutical Corporation ("BCC", the "Company" or the "Corporation" as at November 23, 2016 and should be read in conjunction with the audited March 31, 2016 consolidated financial statements and related notes which were prepared in accordance with International Financial Reporting Standards ("IFRS") All figures are in Canadian dollars unless stated otherwise.

This MD&A contains certain forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward looking statements"). These statements relate to future events or to future performance of BCC. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", or "believes", or variations of, or the negatives of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the opinions and estimates of management as at the date the information is given, and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as at the date of this MD&A or as of the date specified in such statement.

Additional information relevant to the Corporation's activities, including the Corporation's news releases can be found on SEDAR at www.sedar.com and at the Corporation's website www.canadianbioceutical.com.

Unless otherwise stated, all amounts refer to Canadian dollars.

Description of the Business

The Corporation and its subsidiaries develop, patent, produce, market and sell innovative nutraceutical products intended for the treatment of chronic medical conditions where existing treatments fail to meet the needs of patients or where consumers prefer herbal and plant-based medicines out of their concern for the potential side effects associated with modern pharmaceutical medicines. BCC may obtain patents and regulatory approvals and then license its technologies for royalties and upfront payments or directly produce and market such products.

On January 7, 2015, the Corporation announced its intention to expand its activities into the cultivation and production of one of the most significant nutraceutical products to emerge in the past decades,

medical cannabis and medicinal derivatives produced from the cannabis plant. The Corporation applied to Health Canada for a license to produce marijuana under the Marihuana for Medical Purposes Regulations (MMPR) and has invested considerable management time and expense in the furtherance of its application, approval of which remains pending. BCC continues to respond to inquiries for additional information from Health Canada and benefits from the ongoing support of municipal and business leaders from the City of Owen Sound.

The Corporation has also entered into a Letter of Intent in respect of the acquisition of a medical cannabis business in the state of Arizona and is in discussions for cannabis-based initiatives in other U.S. states.

The Corporation's principal products currently include:

CinG-X™

BCC developed CinG-X™, a unique product which combines standardized cinnamon and ginseng extracts which has been indicated to synergistically control glucose metabolism, improve cognitive function, and simultaneously minimize the risk of developing and treating cardiovascular disease, diabetes, dementia and Alzheimer's.

Additionally, CinG-X™ is a proprietary additive that enhances the value of any food, beverage or nutritional supplement and can be combined with most other ingredients.

The Corporation has received official notice of patent protection for CinG-X in the United States.

Reliéva™

Prime Pharmaceutical Corporation ("Prime"), a partially-owned affiliate controlled by BCC, invented an extraction process which increases the concentration of the beneficial alkaloids from Mahonia Aquifolium by up to 75 times to create its proprietary extract Psorberine™. These alkaloids have demonstrated anti-proliferative, anti-inflammatory, anti-microbial, anti-oxidative and anti-fungal capabilities.

Psorberine™ has been incorporated into both topical cream and lotion products sold under the brand name Reliéva™.

Prime had conducted clinical trials for Reliéva™ on eczema with results exceeding expectations. The trial enrolled 48 patients and a total of 93.75% of the enrolled patients improved and 47.5% cleared up completely.

Prime received Health Canada approval for its "Reliéva™" micro-emulsion formulation on December 12, 2011 (License NPN [80008437](#)) and the extraction process has received patent approval in both Canada and the United States.

The Corporation is currently formulating plans for the monetization of the Reliéva™ product with very promising export negotiations currently in process.

FertaMax™

On April 7, 2015, the Corporation, through its subsidiary CGX Life Sciences Inc. ("CGX"), acquired all assets related to the FertaMax brand (the "Brand"). This included all inventory held with both the seller and the manufacturer, all marketing materials including the website and all intellectual property of the Brand. The aggregate consideration payable for the purchased assets will be \$80,000 payable in the

form of a royalty calculated as 10% of gross revenue before any sales taxes and net of returns, calculated and payable monthly.

The Corporation has entered into a Letter of Intent for a distribution arrangement for the Middle East. Delays in securing a Natural Product Number ("NPN") from Health Canada had delayed furtherance of this initiative but the NPN was obtained in June 2016 and the project is moving forward with launch anticipated in Q1 of calendar 2017.

In November 2015, the Corporation announced that, with a grant from the Government of Ontario through the Ontario Centres of Excellence ("OCE") as well as the Natural Sciences and Research Council of Canada (NSERC), it had entered into an agreement to cooperate with Loyalist College, based in Brockville Ontario, for the development of a Supercritical Carbon Dioxide Extraction Technology.

The initiative resulted from a thorough production audit of our Reliéva™ cream for psoriasis and eczema and it became apparent to management that the Corporation needed to improve the extraction process for the active ingredient used in this product. The main goals are to consistently extract a product of high quality employing Loyalist College's advanced expertise in super-critical carbon dioxide extraction, but with minimal solvent use, as well as establishing proper testing protocols for this specialized field. The project commenced in late November 2015 with preliminary results expected in calendar Q3 2016. The Relieva™ product line will become a very important part of the Corporation's business in the near future and it is expected to be ready for market early during fiscal Q4 2017. As well, these advanced extraction technologies can be subsequently utilized for the production of many other plant-based medicinals by BCC, including cannabis derivative medicines.

Medical Marijuana Initiatives

On January 21, 2016, BCC announced that it had entered into a Letter of Intent to acquire a group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business"). The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

BCC's due diligence has confirmed that the Business has expected revenue well in excess of US\$18 million for fiscal 2017, Revenues are growing by 20% quarterly, resulting in attractive earnings and cash flows. Accordingly, the closing of this transaction could result in financial results and growth prospects for BCC which compare favourably with other Canadian publicly-traded companies in the medical marijuana sector.

As the Letter of Intent also provides for the extension of these services to several other states, including locations in Nevada, BCC has, as a result abandoned its plans for a direct launch of its own operations in Nevada (including, for greater certainty, the proposed Nevada license purchase transaction and the proposed financing transaction as respectively set forth in BCC's News Releases of August 10, 2015 and September 1, 2015).

If successful in acquiring the targeted Business, BCC expects to be able to utilize the cash flows from the US operations to help support the plans for the cannabis production facility in Owen Sound, Ontario and to expand and share market knowledge, production practises, technologies, branding and strategic relationships between our MMJ operations on both sides of the Canada-US border.

On September 1, 2016, the Corporation entered into a Consultancy and Advisory Agreement with U.K-based, Island Investments Holdings Limited and Walmer Capital Limited to provide advice and assistance in respect of the previously-announced, proposed acquisition. The Agreement provides for an advisory fee of CDN\$500,000 and a finder's fee equal to 1% of any financing arranged as a result of the advice of the two advisors. All fees are paid only on the successful completion of the targeted acquisition.

On September 9, 2016, the Corporation successfully re-negotiated the above-noted Letter of Intent to acquire the group of related companies currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The revised Letter of Intent stipulates a purchase price for the Business of \$25 USD million, payable in \$15 USD million cash on closing and the issuance of a promissory note of \$10 USD million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured by the assets of the Business. The Company shall have the option to pre-pay the promissory note at any time without penalty.

On September 9, 2016, Corporation formally engaged Chrystal Capital Partners LLP, a UK London-based capital advisory group to work with the Company in arranging financing for up to \$20 USD million to complete the purchase and provide for expansion capital as well as general working capital.

As at the date of this management discussion and analysis, due diligence has substantially been concluded, much of the financing has been arranged and work is completed in respect of the negotiation and drafting of closing documents. The Company is optimistic that it will be in a position to close the transaction in escrow in the near future subject to final approval of the Exchange.

BCC's application Canada for approval of a license to cultivate, process and market medical marijuana in Canada continues to be reviewed by Health Canada. Correspondence with Health Canada has been ongoing with the most recent information request received and responded to during July 2016.

SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with this management discussion and analysis, the consolidated condensed interim financial statements and related notes thereto and other financial information.

Summary of Quarterly Results

The Corporation's information in the table below is prepared in accordance with IFRS:

	3 Months Ended September 30, 2016 \$	3 Months Ended September,30 2015 \$	6 Months Ended September 30, 2016 \$	6 Months Ended September 30, 2015 \$
Canadian dollars, except share amounts				
Revenue	-	2,047	-	5,073
Cost of operations	291,619	298,784	560,625	584,610
Cash provided by (used in) operations	(47,436)	(246,392))	(184,637)	(574,372)
Comprehensive loss	(293,059)	(292,838)	(629,853)	(576,732)
Comprehensive loss per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)

	As at September 30, 2016 \$	As at September 30, 2015 \$	As at March 31, 2016 \$	As at March 31, 2015 \$
Canadian dollars, except share amounts				
Cash	9,646	99,354	8,135	320,027
Total assets	86,449	442,729	88,222	1,641,325
Working capital (deficiency)	(531,249)	235,652	(330,800)	253,568
Total liabilities	(1,509,547)	(207,077)	(931,717)	(161,986)
Common shares outstanding	41,949,553	41,244,553	41,269,553	38,150,981

Results of Operations

Three months ended September 30, 2016 compared to the three months ended September 30, 2015

The Corporation's comprehensive net loss totalled \$293,059 with basic and diluted loss per share of \$0.01 for three months ended September 30, 2016. This compares with a comprehensive net loss of \$292,838 with basic and diluted loss per share of \$0.01 for quarter ended September 30, 2015. The quarter's loss is mainly due to: (i) Occupancy costs - \$139,377, (ii) Professional fees - \$64,885, (iii) Salaries and benefits - \$67,083, and (iv) Trustee fees, regulatory and corporate services - \$6,017, offset by a gain of \$5,401 resulting from the revaluation of the option component of the convertible debt.

The occupancy costs relate to the lease on the Owen Sound property. Due to Health Canada delays in issuing a license, the Corporation and the landlord continue with discussions to renegotiate the lease obligation including an extension of the rent free period. Due to a lease inducement period and renegotiation with the landlord, no lease payments were made during the quarter.

During the quarter, shareholders advanced £20,000 (\$34,138 CAD) to the Corporation. The advance is interest free, has no fixed repayment date and is due on demand.

During the quarter the Corporation concentrated all of its efforts in completing the transaction originally announced on January 21, 2016. This transaction involves the acquisition of a group of related companies engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation business in the United States.

This compares to a comprehensive loss of \$292,838 with basic and diluted loss per share of \$0.01 for the quarter ended September 30, 2015. That quarter's loss was mainly due to: (i) Salaries and benefits - \$130,707, (ii) Office and general - \$35,765, (iii) Professional fees - \$30,723 (iv) Trustee fees, regulatory and corporate services - \$43,499, and (v) Stock-based compensation - \$73,230.

During quarter ended September 30, 2015 the Corporation had announced its intention to acquire a Las Vegas-based Medical Marijuana Enterprise and was actively working towards closing documentation and securing adequate financing. Those efforts were subsequently suspended as the Corporation later entered into a Letter of Intent ("LOI") dated January 21, 2016 to acquire a group of companies that provided management and logistical support to the medical marijuana industry. This new LOI provided for the extension of services to several other states, including Nevada hence negating the Corporation's initial effort to acquire the Las Vegas-based venture mentioned earlier.

Six months ended September 30, 2016 compared to the six months ended September 30, 2015

The Corporation's comprehensive net loss totalled \$629,853 with basic and diluted loss per share of \$0.01 for six months ended September 30, 2016. This compares with a comprehensive net loss of \$576,732 with basic and diluted loss per share of \$0.02 for six months ended September 30, 2015. The six month loss is mainly due to: (i) Occupancy

costs - \$278,754, (ii) Professional fees - \$76,998, (iii) Salaries and benefits - \$134,166, and (iv) Trustee fees, regulatory and corporate services - \$33,694, (v) Fair value change of option component of convertible debt - \$33,694 and (vi) Transaction costs - \$74,145.

During the six months ended September 30, 2016 the Corporation continued in its efforts to establish itself in the medical marijuana business in the United States. Due diligence was performed and resources expended on several promising opportunities, specifically the opportunity that had been announced on January 21, 2016 in which the Corporation sought to acquire a group of related companies engaged in the supply of management and logistical services to the medical marijuana industry in Arizona, United States. As this opportunity developed the Corporation incurred costs related to several accounting and legal reviews, the preparation of closing documents and fund raising efforts.

This compares to the comprehensive loss of \$576,732 for the six months ended September 30, 2015 which consisted mainly of: (i) Salaries and benefits - \$269,718, (ii) Office and general - \$90,836 (iii) Professional fees - \$62,066, (iv) Stock-based compensation - \$73,230, and (v) Trustee, fees, regulatory and corporate services - \$81,937.

During that period the Corporation expended considerable resources in developing its application for a Medical Marijuana License from the Canadian Ministry of Health and at the same time began exploring expansion opportunities in the United States.

As well, the Corporation was actively marketing its existing product lines beyond North America.

Liquidity

As at September 30, 2016, the Corporation had current liabilities of \$572,884 (March 31, 2016, \$374,208) due within 12 months and cash of \$9,646, (March 31, 2016, \$8,135) to meet its current obligations. As at September 30, 2016, the Corporation had negative working capital of \$531,249 compared to March 31, 2016 when the Corporation had negative working capital of \$330,800. The ability of the Corporation to continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Corporation's trade payables have contractual maturities that are subject to normal trade terms.

Accounts payable and accrued liabilities increased by \$107,627 to \$515,757 for the quarter ended September 30, 2016. The Corporation has halted all non-critical expenses. Only those expenses related to meeting its stated objective of entering the Canadian and U.S. medical marijuana markets and regulatory were permitted. The Corporation continues to monitor and manage expenses aggressively as its main business development projects are in the development stage.

Capital Resources

For its long-term business objectives, the Corporation will require funds to develop products and to expand its business into new market areas, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be

available to the Corporation in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Corporation. The Corporation does not presently have any other fixed commitments for material capital expenditures over the near or long term.

Off-Balance Sheet Arrangements

At September 30, 2016, the Corporation had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

Related Party Transactions

Due to Related Parties	As at June 30, 2016	As at June 30, 2015
W. Scott Boyes (CEO and Director) ⁽¹⁾	\$22,000	Nil
Shareholder loan	\$34,138	Nil

⁽¹⁾ Represents an advance from the CEO of the Corporation and is non-interest bearing and due on demand.

Capital Management

The Corporation manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Corporation monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Corporation considers its capital to be capital stock, contributed surplus, accumulated other comprehensive loss and deficit which at September, 2016 totalled \$(1,121,286) (March 31, 2016 - \$(541,683)).

The Corporation manages capital through its financial and operating forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities. Selected information is provided to the Board of Directors of the Corporation. The Corporation's capital

management objectives, policies and processes have remained unchanged during the quarter ended September 30, 2016. The Corporation is not subject to any external capital requirements.

Financial Instruments

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

Credit Risk

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

The Corporation's credit risk is primarily attributable to cash. The Corporation monitors credit risk and credit standing of its customers on a regular basis. Cash is generally invested in cash accounts held in Canadian chartered banks or a financial institution in the United States controlled by a Canadian chartered bank. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

Off Balance Sheet Arrangements

The Corporation has not entered into any off-balance sheet arrangements.

Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency rates. The Corporation's functional currency is the Canadian dollar. Certain significant transactions were conducted in US dollar currency. The Corporation does not hedge anticipated foreign currency changes. As at September 30, 2016, the Corporation held cash in US dollars of \$4,585 (CDN \$6,147) (March 31, 2016 - \$2,909). A 10% change in foreign exchange rates would impact net loss by approximately \$500 (March 31, 2016 - \$300).

Fair Values

The carrying values of cash, amounts receivable and accounts payable, accrued liabilities and due to related parties approximate fair values due to the relatively short term maturities of these financial instruments. The Corporation's financial instruments measured at fair market value on the consolidated statements of financial position consist of marketable securities and are measured at Level 1 of the fair value hierarchy. The estimated fair value of long term debt approximates its carrying value since it is subject to terms and conditions similar to those available to the Corporation for instruments with comparable terms. The fair value of the instruments has not been presented as the fair value information for these financial instruments are not reliably determinable. The Corporation is subject to fair value risk as it relates to marketable securities.

Disclosure of Outstanding Share Data

As at the date of this report, common shares and share equivalents issued and outstanding were:

Class	Number of Equivalent Shares
Common Shares	41,949,553
Stock Options	2,605,000
Warrants	12,675,000
Fully Diluted	57,229,553

As at the date of this report 2,305,000 of the options and all of the warrants were in- the-money.

Dividend Policy

No dividends have been paid on any shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

The Stock Option Plan

At its November 18, 2014 Special and Annual Meeting of Shareholders, the Corporation's shareholders approved a "Rolling Stock Option Plan" to provide for incentive stock options to be issued in the maximum amount that would be equal to ten percent (10%) of the Corporation's issued and outstanding common shares at the date of grant.

The Corporation's options that were issued and outstanding prior to the adoption of the Rolling Stock Option Plan became subject to the new Plan.

The Rolling Stock Option Plan was approved by the TSXV and is administered by the Corporation's Compensation Committee and the Board of Directors as a whole. Any options granted (including the terms thereof) are subject to the approval of the TSXV.

On June 22, 2015 the Corporation entered into a consultancy agreement with Dr. Miles Thompson, BSc, Ph.D. to advise and assist the Corporation in the development of its nutraceutical products, including derivatives and concentrates of cannabinoid-based medications. In return for his services, Dr. Thompson was granted an option to purchase 250,000 common shares which vests 180 days from the date of the agreement. The exercise price of this stock option is \$0.25 per share and the stock option will expire on December 22, 2017. These options have since been forfeited by Dr. Thompson.

Risk Factors

Due to the nature of the BCC's business, the legal and economic climate in which it operates and the present stage of development of its business, the Corporation may be subject to significant risks. An investment in the Corporation's shares should be considered highly speculative. BCC's future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Corporation will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Corporation and there can be no assurance that BCC will achieve its objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

History of Operating Losses

To date, BCC has not recorded any significant revenues from the sale of nutraceutical products, including those derived from cannabis. Since incorporation, BCC has accumulated net losses and expects such losses to continue until such time as product sales generate sufficient revenues to fund continuing operations.

Early Stage Development

BCC has not begun to market any product or to generate revenues. The Corporation expects to spend a significant amount of capital to fund the acquisition of real estate, equipment and licenses which will allow it to commence cultivation and production of its cannabis products in the United States and Canada as well as promote the launch and distribution of its FertaMax, CinG-X and Reliéva nutraceuticals. As a result, the Corporation expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. The Corporation cannot entirely predict when, if ever, it will be profitable.

Ability to Manage Growth

Expected rapid growth in all areas of BCC's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. BCC expects operating expenses and staffing levels to increase in the future. To manage such growth, the BCC must expand its operation and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the BCC will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Corporation's expansion could have a material adverse effect on its business and results of operations.

Unproven Market

BCC believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including legal and regulatory changes, competition from other products and the degree of commercial viability of the potential products.

Manufacturing, Product Development and Marketing Capability

Although its business plans include the establishment of facilities for cannabis cultivation and the production of cannabis-based medicines, the Corporation currently has no in-house cultivation, manufacturing, nutraceutical development or marketing capability. To be successful, all products must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. BCC intends to contract with third parties to produce some of its products. No assurance can be given that the Corporation or its suppliers will be able to meet the supply requirements of the Corporation in respect of the product development or commercial sales.

To be successful, an approved product must also be successfully marketed. The market for the BCC's product being developed by the Corporation may be large and will require substantial sales and marketing capability. At the present time, BCC does not have any internal capability to market nutraceutical products. It intends to enter into one or more strategic partnerships or collaborative arrangements with other companies for marketing and distribution expertise to address this need. If necessary, BCC will establish arrangements with various partners for geographical areas. There can be no assurance that the BCC can market, or can enter into satisfactory arrangements with third parties to market its products in a manner that would assure its acceptance in the market place. However, if satisfactory arrangements with third parties to market and/or distribute its products is obtained; the BCC will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources and attention to the Corporation's programs, which may hinder efforts to market the products. Should BCC not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Corporation will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

BCC will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Corporation intends to manage these third party relationships to ensure continuity and quality, some events beyond the BCC's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operations of the Corporation.

Need for Additional Capital and Access to Capital Markets

BCC will need additional capital to fully implement its business plans to enter the medical cannabis markets in the U.S. and Canada and to further the distribution and sales of its nutraceutical products. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Corporation will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable. Failure to obtain such additional financing could result in delay or indefinite postponement of one or more components of the BCC's business objectives.

Competition

The market for BCC's products is highly competitive. The Corporation will compete with other producers for market share. Many of its competitors have greater financial and operational resources and more experience than BCC. These and other companies may have developed or could in the future develop new technologies or products that compete with those of the Corporation.

Competition in BCC's markets is primarily driven by (i) cost-effective production and distribution, (ii) ability to develop, maintain and protect proprietary and branded products and (iii) success in establishing and protecting effective distribution channels.

Lack of Diversity

Larger companies have the ability to manage their risk through diversification. However, BCC currently lacks diversification, in terms of the nature of its business. As a result, BCC could potentially be more impacted by factors affecting the nutraceutical development industry in general and BCC in particular than would be the case if the business was more diversified. Currently, BCC's primary focus is the development and sale of cannabis based medicinals and its three nutraceutical products, FertaMax, CinG-X and Reliéva. Accordingly, BCC is dependent on its ability to produce and market these products and any factor that materially adversely affects its ability to do so may have a material adverse effect on BCC's financial condition and results of operations.

Inability to Implement the Business Strategy

The growth and expansion of BCC's business is heavily dependent upon the successful implementation of BCC's business strategy. There can be no assurance that BCC will be successful in the implementation of its business strategy.

Regulatory Risk

In both the U.S., Canadian and other foreign markets, the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale and storage of cannabis based medicines and nutraceuticals are affected by a body of laws, governmental regulations, administrative determinations, including those by Food and Drug Administration in the U.S. Health Canada and many state and provincial regulators, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of Government in foreign jurisdictions. In spite of regulations now existing in 26 U.S. states, the production and sale of cannabis products remains federally illegal in the United States. There can be no assurance that BCC and BCC's partners are in compliance with all of these laws, regulations and other constraints. BCC and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of BCC or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements

might result in significant compliance costs or lead BCC and its partners to discontinue product development and sale and could have an adverse effect on the business.

International Operations

BCC's planned operations and marketing initiatives outside of Canada expose it and its representatives, agents and distributors to risks inherent to operating in foreign jurisdictions which could materially adversely affect its operations and financial position. These risks include (i) country-specific taxation policies, (ii) imposition of additional foreign governmental controls or regulations, (iii) export license requirements, (iv) changes in tariffs and other trade restrictions, and (v) complexity of collecting receivables and managing cash receipts in a foreign jurisdiction.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located or another jurisdiction agreed upon by the parties. BCC cannot accurately predict whether such forum will provide an effective and efficient means of resolving disputes that may arise in the future. Even if it obtains a satisfactory decision through arbitration or a court proceeding, BCC could have difficulty in enforcing any award or judgment on a timely basis or at all.

Issuance of Debt

From time to time, the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the BCC's debt levels above industry standards. The level of the Corporation's indebtedness from time to time could impair BCC's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Dilution and Future Issuances of Shares

The Corporation may issue additional shares in the future, which may dilute a shareholder's holdings in BCC. The Corporation's articles permit the issuance of an unlimited number of the Corporation's shares and an unlimited number of preferred shares, issuable in series, and the shareholders of BCC will have no pre-emptive rights in connection with such further issuances. The board of directors of the Corporation has the discretion to determine the provisions attaching to any series of preferred shares and the price and the terms of issue of further issuances of Corporation's shares.

Outlook and Conclusions

The prospects for the Corporation remain uncertain. The Corporation continues to seek acquisition opportunities in the nutraceutical sector, specifically in the medical marijuana industry and also is making ongoing efforts to develop distribution channels for its CinG-X, Reliéva and FertaMax products.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Corporation's officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, disclosure controls and procedures and internal control over financial reporting as defined in NI-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Management's Responsibilities

Management is responsible for all information contained in this report. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim consolidated financial statements in all material aspects.

The Board of Directors approved the audited condensed interim consolidated financial statements on November 23, 2016.

Investor Caution

Investors should be aware that:

- 1) Companies cannot legally conduct a medical marijuana business without a license from Health Canada and that there is significant time and cost required to obtain such a license. As a publicly-traded Corporation publicizing its intention to enter the medical marijuana industry, BCC urges potential investors in any Corporation in this sector, to become familiar with the required resources and the related risks, costs implications and time required before a Corporation will be able to begin licensed operations. There is no assurance that any Corporation announcing its intent to enter the medical marijuana industry will be successful in obtaining a license or in creating shareholder value, and**
- 2) The cultivation, production and sale of cannabis and cannabidiol derivatives products is now legal in 26 U.S. states, but remains a Schedule 1 drug, federally, and therefore remains illegal under U.S. Federal law.**

"REVIEW AND APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors, on the recommendation of the Audit Committee, approved the contents of this MD&A and related financial statements on November 23, 2016. This MD&A includes a discussion of the Corporation's operating and financial results for the quarter ended September 30, 2016 and 2015, and should be read in conjunction with the audited

consolidated financial statements and notes thereto for the years ended March 31, 2016 and 2015 appearing on SEDAR's website at www.sedar.com." and the interim, consolidated, condensed financial statements as at and for the periods ended September 30 2016.

November 23, 2016.

"Scott Boyes (signed)"

Scott Boyes
President and Chief Executive Officer

"David Layman (signed)"

David Layman
Director

SCHEDULE "C"
S8 COMPANIES FINANCIAL STATEMENTS

**S8 Group of Companies
Combined Financial Statements
Years Ended December 31, 2015 and December 31, 2014
(Expressed In US Dollars)**

INDEPENDENT AUDITORS' REPORT

To the Beneficial Members of S8 Group of Companies

We have audited the accompanying combined financial statements of S8 Group of Companies which comprise the combined statement of financial position as at December 31, 2015 and December 31, 2014 and the combined statements of income and comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements present fairly, in all material respects, the financial position of S8 Group of Companies as at December 31, 2015 and December 31, 2014 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the combined financial statements which indicates the existence of material uncertainties that may cast significant doubt about S8 Group of Companies' ability to continue as a going concern.

Other Matter

The combined statement of financial position of S8 Group of Companies as at January 1, 2014 is unaudited.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
July 15, 2016

S8 Group of Companies

Combined Statements of Financial Position

(Expressed in US Dollars)

	As at December 31, 2015	As at December 31, 2014	As at January 1, 2014 (unaudited)
ASSETS			
Current assets			
Cash	\$ 4,814	\$ 63,641	\$ 60,719
Amounts receivable from related parties (note 10)	1,800,000	-	-
Advances to related parties (note 10)	20,433	31,814	115,312
Total current assets	1,825,247	95,455	176,031
Non-current assets			
Amounts receivable from related parties (note 10)	1,020,886	1,503,256	488,256
Investment properties (note 6)	2,128,343	1,840,524	1,346,590
Equipment (note 7)	30,912	15,517	-
Promissory notes from related parties (note 10)	3,496,519	2,904,300	1,028,620
Total non-current assets	6,676,660	6,263,597	2,863,466
Total assets	\$ 8,501,907	\$ 6,359,052	\$ 3,039,497
EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable	\$ 12	\$ 1,737	\$ 8,004
Security deposit	66,000	66,000	66,000
Total current liabilities	66,012	67,737	74,004
Equity			
Members' capital	4,943,452	4,553,303	2,453,714
Retained earnings	3,492,443	1,738,012	511,779
Total equity	8,435,895	6,291,315	2,965,493
Total equity and liabilities	\$ 8,501,907	\$ 6,359,052	\$ 3,039,497

The notes to the combined financial statements are an integral part of these combined statements.

Nature of operations and going concern (note 1)

On behalf of the Members:

(Signed) Elizabeth Stavola
Member

(Signed) Michael Stavola
Member

S8 Group of Companies

Combined Statements of Income and Comprehensive Income (Expressed in US Dollars)

	Year Ended December 31,	
	2015	2014
Operating revenues		
Management fees	\$ 600,000	\$ 600,000
Rental income – investment properties	468,000	300,000
Rental income	20,000	-
Interest income	675,378	442,069
Interest income – investment properties	106,380	36,000
Total operating revenues	1,869,758	1,378,069
Operating expenses		
Bank charges	(400)	(796)
Insurance	(2,637)	(442)
Office expense	(159)	-
Payroll	(45,820)	(106,134)
Professional fees	(16,888)	(3,273)
Depreciation – investment properties	(46,094)	(40,104)
Depreciation – equipment	(5,507)	(1,087)
Total operating expenses	(117,505)	(151,836)
Operating income	1,752,253	1,226,233
Other income	2,178	-
Net income and comprehensive income for the year	\$ 1,754,431	\$ 1,226,233

Combined Statements of Changes in Equity (Expressed in US Dollars)

	Members' Capital	Retained Earnings	Total
Balance, January 1, 2014 (unaudited)	\$ 2,453,714	\$ 511,779	\$ 2,965,493
Changes in members' capital	2,099,589	-	2,099,589
Net income for the year	-	1,226,233	1,226,233
Balance, December 31, 2014	\$ 4,553,303	\$ 1,738,012	\$ 6,291,315
Changes in members' capital	390,149	-	390,149
Net income for the year	-	1,754,431	1,754,431
Balance, December 31, 2015	\$ 4,943,452	\$ 3,492,443	\$ 8,435,895

The notes to the combined financial statements are an integral part of these combined statements.

S8 Group of Companies
Combined Statements of Cash Flows
(Expressed in US Dollars)

	Year Ended December 31,	
	2015	2014
Operating activities	\$ 1,754,431	\$ 1,226,233
Net income for the year		
Adjustment for:	51,601	41,191
Depreciation		
Non-cash working capital items		
Amounts receivable from related parties (note 10)	(1,317,630)	(1,015,000)
Amounts payable	(1,725)	(6,267)
Net cash from operating activities	486,677	246,157
Investing activities		
Additions to investment properties (note 6)	(333,913)	(534,038)
Additions to equipment (note 7)	(20,902)	(16,604)
Net cash used in investing activities	(354,815)	(550,642)
Financing activities		
Advances received from related parties (note 10)	31,814	115,312
Advances distributed to related parties (note 10)	(20,433)	(31,814)
Promissory notes from related parties	(592,219)	(1,875,680)
Members' contributions	390,149	2,099,589
Net cash used in financing activities	(190,689)	307,407
Net change in cash	(58,827)	2,922
Cash, beginning of year	63,641	60,719
Cash, end of year	\$ 4,814	\$ 63,641

The notes to the combined financial statements are an integral part of these combined statements.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

1. Nature of operations and going concern

S8 Group of Companies (the "Companies" or "S8") includes S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The Companies were organized under the Arizona Limited Liability Company Act. The primary offices are located in Phoenix, USA. The S8 Group provides financing, management services and rent facilities for operations to the related companies Health for Life, Inc. ("H4L") and Soothing Options, Inc. ("Soothing"). H4L and Soothing are nonprofit organizations operating medical marijuana dispensary facilities under the rules and regulations of the Arizona Department Health Services ("AZDHS") Medical Marijuana Program.

These combined financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company's ability to continue as a going concern is dependent upon H4L and Soothing achieving and maintaining profitable production or raising additional financing in the future and paying their obligations to the Companies. Although the H4L and Soothing have been successful in raising funds to date, there can be no assurance that their financing activities will continue to be successful or sufficient. As a result there are material uncertainties that may cause significant doubt regarding the going concern assumption.

S8 had working capital of \$1,759,235 at December 31, 2015 (December 31, 2014 – \$27,718, January 1, 2014 - \$102,027). For the year ended December 31, 2015, the Companies had a net income and comprehensive income of \$1,754,431 (year ended December 31, 2014 - \$1,226,233). For the year ended December 31, 2015, the Company had total cash outflows of \$58,827 (year ended December 31, 2014 – inflows of \$2,921).

These combined financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and was required to realize its assets or discharge its obligations in anything other than the ordinary course of operations. These adjustments could be material.

2. Significant accounting policies

(a) Statement of compliance

These combined financial statements are the first set of combined financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

The policies applied in these combined financial statements are based on IFRSs issued and outstanding as of December 31, 2015. The accounting policies set out below have been applied consistently to all periods presented in these combined financial statements. They also have been applied retrospectively in preparing an opening IFRS combined statement of financial position at January 1, 2014 (the Companies' Transition Date) for the purposes of the transition to IFRS, as required by IFRS 1 - First-time Adoption of International Financial Reporting Standards.

The Companies' Members approved these combined financial statements on July 15, 2016.

(b) Basis of presentation

These combined financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments carried at fair value. In addition, these combined financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these combined financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of expenses during the year. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(k).

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

2. Significant accounting policies (continued)

(c) Basis of combination

Based on their common beneficial ownership the S8 Group of Companies has prepared combined financial statements incorporating the financial statements of S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The results of companies acquired or disposed of during the periods presented are included in the combined statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon combination.

The following companies have been combined within the combined financial statements:

Company	Country of organization	Principal activity
S8 Rentals, LLC	USA	Leasing company
S8 Industries, LLC	USA	Lending company
S8 Management, LLC	USA	Management company
S8 Transportation, LLC	USA	Rental company

(d) Currency

The functional and presentation currency of the Companies are the US Dollar.

(e) Financial assets and liabilities

The Companies' financial instruments consist of the following:

Financial assets:	Classification:
Cash	Fair value through profit and loss ("FVTPL")
Amounts receivable from related parties	Loans and receivables
Advances to related parties	Loans and receivables
Promissory notes from related parties	Loans and receivables
Financial liabilities:	Classification:
Amounts payable	Other financial liabilities
Security deposit	Other financial liabilities

Fair value through profit and loss:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the combined statements of income and comprehensive income.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

2. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the instrument or (where appropriate) a shorter period to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled, or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the combined statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 of December 31, 2015, December 31, 2014 and January 1, 2014, except for cash, none of the Companies' financial instruments are recorded at fair value in the combined statements of financial position. Cash is classified as Level 1.

(f) Impairment of non-financial assets

At the end of each reporting year, the Companies review the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) Cash

Cash in the combined statements of financial position comprises cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Companies do not invest in any asset-backed deposits/investments.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

2. Significant accounting policies (continued)

(h) Investment properties

Land and buildings are classified and accounted for by the Companies as investment property using the cost method and are carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is measured initially at its cost, including related transaction costs, such as advisory costs, notary costs, transfer taxes and borrowing costs.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Companies and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Depreciation is recognized based on the cost, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Life/Percentage	Method
Building	39 years	Straight-line

(i) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Life/Percentage	Method
Furniture and fixtures	7 years	Straight-line
Vehicles	30%	Declining balance

(j) Provisions

A provision is recognized when the Companies have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Companies from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Companies had no material provisions at December 31, 2015, December 31, 2014 or January 1, 2014.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

2. Significant accounting policies (continued)

(k) Revenue recognition

Management fees:

Management fees are recognized when services have been provided, provided the price is fixed and determinable and collectability is reasonably assured.

Rental income:

Rental income from operating leases is recognized on a straight line basis over the lease term.

Interest income:

Interest income is recognized using the effective interest method.

(l) Income taxes

The Companies are treated as flow through entities for tax purposes and are therefore not subject to tax.

(m) Significant accounting judgments and estimates

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

Critical accounting estimates

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

- management assumptions in determining the allowance for uncollectible amounts

Critical accounting judgments

The categorization of financial assets and liabilities and functional currency determination are accounting policies that require management to make judgments.

Management applied judgment in determining the property held is being leased as an operating lease. Management also applied judgment in determining the property is an investment property.

Management applied judgment in determining the Companies' ability to continue as a going concern.

(n) Recent Accounting Pronouncements

Certain new standards, amendments and interpretations are effective for annual years beginning after January 1, 2016 and have not been applied in these combined financial statements. None of these are expected to have a significant impact on the Companies' combined financial statements.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

2. Significant accounting policies (continued)

(n) Recent Accounting Pronouncements (continued)

IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. The amendments are effective for annual years beginning on or after January 1, 2016.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014 and specifies how and when revenue is recognized as well as provides users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with 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 receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple–element arrangements.

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The company has not yet assessed the impacts of adopting this standard on its combined financial statements.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted provided IFRS 15 is adopted at the same time.

3. Capital risk management

The Companies manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Companies’ future investment in equipment and to meet its ongoing administrative costs. The Companies consider its capital to be equity, which comprises retained earnings and members’ capital, which at December 31, 2015, totaled \$8,435,895.

This objective is monitored by management’s review and acceptance of budgets. The Companies are not subject to any material externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Companies, is appropriate.

There were no changes in the Companies’ approach to capital management during the years ended December 31, 2015 and December 31, 2014.

S8 Group of Companies

Notes to Combined Financial Statements

Years Ended December 31, 2015 and 2014

(Expressed in US Dollars)

4. Financial risk management

(i) Financial risk

The Companies' activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Risk management is carried out by the Companies' management team.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Companies' credit risk is primarily attributable to advances, amounts receivable and loans receivable from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Companies will not have sufficient cash resources to meet its financial obligations as they come due. The Companies generates cash flow primarily from its operating activities. As at December 31, 2015, the Company had cash of \$4,814 (December 31, 2014 - \$63,641) to settle current liabilities of \$66,012 (December 31, 2014 - \$67,737). All of the Company's financial liabilities are due to related parties, are not subject to interest and are due on demand. The Company regularly evaluates its cash position to ensure preservation as well as liquidity and the Company's ability to continue as a going concern (see note 1).

(iv) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. Management believes the Company's market risk to minimal.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value interest rate risk on its fixed rate financial instruments (e.g. promissory notes receivable). There was no significant change in exposure from the prior year.

(b) Foreign currency risk

The Company's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. The Company is not exposed to foreign currency risk.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

5. Categories of financial instruments

The carrying values of the Companies' financial instruments is as follows:

	As at December 31, 2015	As at December 31, 2014
Financial assets:		
FVTPL		
Cash	\$ 4,814	\$ 63,641
Loans and receivables		
Amounts receivable from related parties	\$ 2,820,886	\$ 1,503,256
Advances to related parties	\$ 20,433	\$ 31,814
Promissory notes from related parties	\$ 3,496,519	\$ 2,904,300
Financial liabilities:		
Other financial liabilities		
Security deposit	\$ 66,000	\$ 66,000
Amounts payable	\$ 12	\$ 1,738

6. Investment properties

The Companies' investment properties include the following:

- 7343 South 89th Place, Mesa, AZ 85242
This property consists of land and a building zoned and approved for Medical Marijuana. A Special Use Permit has been obtained. The building is approximately 15,000 square feet and houses a dispensary, cultivation and production facilities. This facility currently is leased to Health for Life Inc. ("H4L"), an affiliated company.
- 7445 South 89th Place, Mesa, AZ 85212
This property consists of land zoned and approved for Medical Marijuana. A Special Use Permit has been obtained.
- 7463 South 89th Place, Mesa, AZ 85212
This property consists of land zoned and approved for Medical Marijuana. A Special Use Permit has been obtained.

For the year ended December 31, 2015 \$468,000 (year ended December 31, 2014 - \$300,000) in rental income and \$106,380 (year ended December 31, 2014 - \$36,000) in interest income relate to the investment properties and are included in the statements of income and comprehensive income. For the year ended December 31, 2015 \$45,210 (year ended December 31, 2014 - \$39,221) in depreciation relate to the investment properties and are included in the statements of income and comprehensive income.

The Companies have completed an independent appraisal of the properties and estimates the fair value of the investment properties to lie in the range of \$1,555,000 - \$1,600,000. The appraisal was completed using a methodology to analyze the "as is" market value, which estimates the market value of a property in the condition observed upon inspection and as it currently exists. As such the appraisal did not consider the permits associated with the property or the value of these permits and the use of the property in the cultivation, production and dispensing of Medical Marijuana. The Companies' believe the value of the special permits associated with the properties to be significant and therefore the fair value of the investment property is on the higher end of the range. Management believes that this value is significant however the value cannot be reliably measured.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

6. Investment properties (continued)

The carrying values of the Companies' investment properties are as follows:

	Cost	Accumulated Depreciation	Net Carrying Value
Balance, January 1, 2014 (unaudited)	\$ 1,350,930	\$ (4,340)	\$ 1,346,590
Additions	534,038	-	534,038
Depreciation for the year	-	(40,104)	(40,104)
Balance, December 31, 2014	\$ 1,884,968	\$ (44,444)	\$ 1,840,524
Additions	333,913	-	333,913
Depreciation for the year	-	(46,094)	(46,094)
Balance, December 31, 2015	\$ 2,218,881	\$ (90,538)	\$ 2,128,343

The future minimum lease payments to be received on the Companies' investment properties are as follows:

Not later than one year	\$ 468,000
Later than one year, but not later than five years	1,920,000
Later than five years	1,476,000
Total	\$ 3,864,000

7. Equipment

Cost

	Furniture	Vehicle	Total
Balance, January 1, 2014 (unaudited)	\$ -	\$ -	\$ -
Additions	16,604	-	16,604
Balance, December 31, 2014	\$ 16,604	\$ -	\$ 16,604
Additions	-	20,902	20,902
Balance, December 31, 2015	\$ 16,604	\$ 20,902	\$ 37,506

Accumulated depreciation

	Furniture	Vehicle	Total
Balance, January 1, 2014 (unaudited)	\$ -	\$ -	\$ -
Depreciation	1,087	-	1,087
Balance, December 31, 2014	\$ 1,087	\$ -	\$ 1,087
Depreciation	2,372	3,135	5,507
Balance, December 31, 2015	\$ 3,459	\$ 3,135	\$ 6,594

Carrying amounts

	Furniture	Vehicle	Total
At December 31, 2014	\$ 15,517	\$ -	\$ -
At December 31, 2015	\$ 13,145	\$ 17,767	\$ 30,912

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

8. Security deposit

As at December 31, 2015, the Companies hold a security deposit of \$66,000 (December 31, 2014 - \$66,000, January 1, 2014 - \$nil) in connection with a lease agreement between the Companies and H4L. The deposit is fully reimbursable on expiration of the lease and fulfillment of H4L's obligations under the agreement.

9. Members' capital

a) Members' capital accounts

Members' capital accounts include the initial contribution, additional contributions made and any withdrawals thereafter.

b) Authorized share capital

As at December 31, 2015, December 31, 2014 and January 1, 2014, the Companies did not have any share capital.

10. Related party transactions

Related parties include the beneficial members, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at December 31, 2015, Beth Stavola and Michael Stavola are the beneficial members of the Company.

(a) S8 Group entered into the following transactions with related parties:

	Year Ended December 31,	
	2015	2014
Health for Life Inc. ("H4L") (i)	\$ 1,340,582	\$ 920,419
Soothing Options Inc. ("Soothing") (ii)	\$ 529,176	\$ 457,650

(i) S8 Management has a management agreement with H4L whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by H4L or S8 Management. S8 Rentals leases H4L its operating facility. For the year ended December 31, 2015, the Companies recorded \$478,000 (year ended December 31, 2014 - \$300,000) in rental income and \$300,000 (year ended December 31, 2014 - \$300,000) in management fees from H4L. H4L is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the year ended December 31, 2015, \$212,130 (year ended December 31, 2014 - \$87,750) in interest was earned on rent and management fees outstanding. As at December 31, 2015, the Companies were owed \$1,892,386 (December 31, 2014 - \$977,256) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$2,000,000 to H4L, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the year ended December 31, 2015, \$350,452 (year ended December 31, 2014 - \$232,669) in interest was earned on the outstanding balance. As at December 31, 2015, H4L owes the Companies \$2,537,264 (December 31, 2014 - \$2,029,485) and this amount is included in promissory notes from related parties.

S8 Group of Companies

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in US Dollars)

10. Related party transactions (continued)

(a) S8 Group entered into the following transactions with related parties: (continued)

(ii) S8 Management has a management agreement with Soothing whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by Soothing or S8 Management. For the year ended December 31, 2015, the Companies recorded \$300,000 (year ended December 31, 2014 - \$300,000) in management fees, \$10,000 (year ended December 31, 2014 - \$nil) in rental income and \$101,250 (year ended December 31, 2014 - \$47,250) in interest income from Soothing. Soothing is controlled by affiliates of the beneficial members of the Company. As at December 31, 2015, the Companies were owed \$928,500 (December 31, 2014 - \$526,000) and this amount is included in amounts receivable from related parties. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$900,000 to Soothing, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the year ended December 31, 2015, \$117,926 (year ended December 31, 2014 - \$110,400) in interest was earned on the outstanding balance. As at December 31, 2015, Soothing owes the Companies \$959,256 (December 31, 2014 - \$874,815) and this amount is included in promissory notes from related parties.

As at December 31, 2015, the Companies were owed \$20,000 (December 31, 2014 - \$nil) from GEM, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GEM for expenses. There are no set terms and the amount is due on demand.

As at December 31, 2015, the Companies were owed \$433 (December 31, 2014 - \$nil) from MES Management, a company controlled by the beneficial members, and this amount is included advances to related parties.

As at December 31, 2015, the Companies were owed \$nil (December 31, 2014 - \$31,814) from GreenMart of Nevada, LLC, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GreenMart for expenses. There are no set terms and the amount is due on demand.

(b) Remuneration of beneficial members or key management personnel:

There was no remuneration to any beneficial members or key management personnel of the Companies.

11. Segmented information

As at December 31, 2015, the Company operates in one reportable segment, being the rental of property in the USA. The Company maintains a head office in Phoenix, Arizona, USA

12. Economic dependence

100% (2014 - 100%) of the Company's sales are made to two customers. The loss of these customers or curtailment of their transactions could have a material adverse impact on the Company's operating results and financial position.

13. Subsequent event

On January 22, 2016, the beneficial members of the Companies entered into a letter of intent (the "LOI") to sell 100% of their interest in the S8 Group of Companies and the affiliated entities H4L and Soothing to The Canadian Bioceutical Corporation for \$22,500,000.

S8 Group of Companies
Unaudited Interim Combined Financial Statements
Three and Nine Months Ended September 30, 2016
(Expressed In US Dollars)

S8 Group of Companies

Interim Combined Statements of Financial Position (Expressed in US Dollars)

	As at September 30, 2016 (unaudited)	As at December 31, 2015
ASSETS		
Current assets		
Cash	\$ 239,286	\$ 4,814
Amounts receivable from related parties (note 10)	1,800,000	1,800,000
Advances to related parties (note 10)	-	20,433
Total current assets	2,039,286	1,825,247
Non-current assets		
Amounts receivable from related parties (note 10)	2,153,491	1,020,886
Investment properties (note 6)	2,336,196	2,128,343
Equipment (note 7)	25,135	30,912
Promissory notes from related parties (note 10)	2,621,338	3,496,519
Total non-current assets	7,136,160	6,676,660
Total assets	\$ 9,175,446	\$ 8,501,907
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable	\$ 1,815	\$ 12
Security deposit (Note 8)	76,000	66,000
Total current liabilities	77,815	66,012
Equity		
Members' capital	4,169,430	4,943,452
Retained earnings	4,928,201	3,492,443
Total equity	9,097,631	8,435,895
Total equity and liabilities	\$ 9,175,446	\$ 8,501,907

The notes to the unaudited interim combined financial statements are an integral part of these combined statements.

Nature of operations and going concern (note 1)

On behalf of the Members:

(Signed) Elizabeth Stavola
Member

(Signed) Michael Stavola
Member

S8 Group of Companies

Unaudited Interim Combined Statements of Income and Comprehensive Income (Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating revenues				
Management fees	\$ 150,000	\$ 150,000	\$ 450,000	\$ 450,000
Rental income – investment properties	129,600	117,000	385,277	351,000
Rental income	7,500	-	22,500	-
Interest income	198,152	172,145	576,618	495,771
Interest income – investment properties	49,889	29,169	132,343	71,543
Total operating revenues	535,141	468,314	1,566,738	1,368,314
Operating expenses				
Bank charges	(220)	(77)	(355)	(250)
Insurance	(605)	(807)	(1,815)	(1,710)
Office expense	(135)	-	(134)	(10)
Payroll	(18,431)	(9,701)	(38,248)	(31,603)
Professional fees	-	(24)	(45,390)	(1,944)
Depreciation – investment properties	(13,087)	(11,523)	(39,261)	(34,570)
Depreciation – equipment	(1,926)	(1,638)	(5,777)	(3,869)
Total operating expenses	(34,404)	(23,770)	(130,980)	(73,956)
Net income and comprehensive income for the period	\$ 500,737	\$ 444,544	\$ 1,435,758	\$ 1,294,358

Unaudited Interim Combined Statements of Changes in Equity (Expressed in US Dollars)	Members' Capital	Retained Earnings	Total
Balance, January 1, 2015	\$ 4,553,303	\$ 1,738,012	\$ 6,291,315
Changes in members' capital	444,452	-	444,452
Net income for the period	-	1,294,358	1,294,358
Balance, September 30, 2015	\$ 4,997,755	\$ 3,032,370	\$ 8,030,125
Balance, January 1, 2016	\$ 4,943,452	\$ 3,492,443	\$ 8,435,895
Changes in members' capital	(774,022)	-	(774,022)
Net income for the period	-	1,435,758	1,435,758
Balance, September 30, 2016	\$ 4,169,430	\$ 4,928,201	\$ 9,097,631

The notes to the unaudited interim combined financial statements are an integral part of these combined statements.

S8 Group of Companies

Unaudited Interim Combined Statements of Cash Flows (Expressed in US Dollars)

	Nine Months Ended September 30,	
	2016	2015
Operating activities		
Net income for the period	\$ 1,435,758	\$ 1,294,358
Adjustment for:		
Depreciation	45,038	38,439
Non-cash working capital items		
Amounts receivable from related parties (note 10)	(1,132,605)	(977,031)
Amounts payable	1,803	(1,736)
Prepaid insurance	-	(806)
Security deposit	10,000	-
Net cash from operating activities	359,994	353,224
Investing activities		
Additions to investment properties (note 6)	(247,114)	(299,480)
Additions to Equipment (note 7)	-	(20,902)
Net cash used in investing activities	(247,114)	(320,382)
Financing activities		
Repayment from related parties (note 10)	20,433	31,814
Repayment (advances) of promissory notes from (to) related parties	875,181	(555,319)
(Disbursement) receipt of members' contributions	(774,022)	444,452
Net cash used in financing activities	121,592	(79,053)
Net change in cash	234,472	(46,211)
Cash, beginning of period	4,814	63,641
Cash, end of period	\$ 239,286	\$ 17,430

The notes to the unaudited interim combined financial statements are an integral part of these combined statements.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

1. Nature of operations and going concern

S8 Group of Companies (the "Companies" or "S8") includes S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The Companies were organized under the Arizona Limited Liability Company Act. The primary offices are located in Phoenix, USA. The S8 Group provides financing, management services and rent facilities for operations to the related companies Health for Life, Inc. ("H4L") and Soothing Options, Inc. ("Soothing"). H4L and Soothing are nonprofit organizations operating medical marijuana dispensary facilities under the rules and regulations of the Arizona Department Health Services ("AZDHS") Medical Marijuana Program.

These unaudited interim combined financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company's ability to continue as a going concern is dependent upon H4L and Soothing achieving and maintaining profitable production or raising additional financing in the future and paying their obligations to the Companies. Although the H4L and Soothing have been successful in raising funds to date, there can be no assurance that their financing activities will continue to be successful or sufficient. As a result there are material uncertainties that may cause significant doubt regarding the going concern assumption.

S8 had working capital of \$1,961,471 at September 30, 2016 (December 31, 2015 – \$1,759,235). For the three and nine months ended September 30, 2016, the Companies had a net income and comprehensive income of \$500,737 and \$1,435,758, respectively (three and nine months ended September 30, 2015 - \$444,544 and \$1,294,358, respectively). For the nine months ended September 30, 2016, the Company had total cash inflows of \$234,472 (nine months ended September 30, 2015 – outflows of \$46,211).

These unaudited interim combined financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and was required to realize its assets or discharge its obligations in anything other than the ordinary course of operations. These adjustments could be material.

2. Significant accounting policies

(a) *Statement of compliance*

These unaudited interim combined financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited interim combined financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited interim combined financial statements are based on IFRSs issued and outstanding as of January 23, 2017, the date the Companies' Members approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim combined financial statements as compared with the most recent annual combined financial statements as at and for the year ended December 31, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual combined financial statements for the year ending December 31, 2016 could result in restatement of these unaudited interim combined financial statements.

The Companies' Members approved these unaudited interim combined financial statements on January 23, 2017.

(b) *Basis of presentation*

These unaudited interim combined financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments carried at fair value. In addition, these unaudited interim combined financial statements have been prepared using the accrual basis of accounting except for cash flow information.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(b) Basis of presentation (continued)

In the preparation of these unaudited interim combined financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited interim combined financial statements, and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(k).

(c) Basis of combination

Based on their common beneficial ownership the S8 Group of Companies has prepared combined financial statements incorporating the financial statements of S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The results of companies acquired or disposed of during the periods presented are included in the unaudited interim combined statement of income and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon combination.

The following companies have been combined within the unaudited interim combined financial statements:

Company	Country of organization	Principal activity
S8 Rentals, LLC	USA	Leasing company
S8 Industries, LLC	USA	Lending company
S8 Management, LLC	USA	Management company
S8 Transportation, LLC	USA	Rental company

(d) Currency

The functional and presentation currency of the Companies are the US Dollar.

(e) Financial assets and liabilities

The Companies' financial instruments consist of the following:

Financial assets:	Classification:
Cash	Fair value through profit and loss ("FVTPL")
Amounts receivable from related parties	Loans and receivables
Advances to related parties	Loans and receivables
Promissory notes from related parties	Loans and receivables
Financial liabilities:	Classification:
Amounts payable	Other financial liabilities
Security deposit	Other financial liabilities

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(e) *Financial assets and liabilities (continued)*

Fair value through profit and loss:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the unaudited interim combined statements of income and comprehensive income.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the instrument or (where appropriate) a shorter period to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled, or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the unaudited interim combined statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 November 30, 2016 and December 31, 2015, except for cash, none of the Companies' financial instruments are recorded at fair value in the unaudited combined statements of financial position. Cash is classified as Level 1.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Companies review the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) Cash

Cash in the unaudited interim combined statements of financial position comprises cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Companies do not invest in any asset-backed deposits/investments.

(h) Investment properties

Land and buildings are classified and accounted for by the Companies as investment property using the cost method and are carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is measured initially at its cost, including related transaction costs, such as advisory costs, notary costs, transfer taxes and borrowing costs.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Companies and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Depreciation is recognized based on the cost, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Life/Percentage	Method
Buildings	39 years	Straight-line

(i) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Life/Percentage	Method
Furniture and fixtures	7 years	Straight-line
Vehicles	30%	Declining balance

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(j) Provisions

A provision is recognized when the Companies have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Companies from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Companies had no material provisions at September 30, 2016 or December 31, 2015.

(k) Revenue recognition

Management fees:

Management fees are recognized when services have been provided, provided the price is fixed and determinable and collectability is reasonably assured.

Rental income:

Rental income from operating leases is recognized on a straight line basis over the lease term.

Interest income:

Interest income is recognized using the effective interest method.

(l) Income taxes

The Companies are treated as flow through entities for tax purposes and are therefore not subject to tax.

(m) Significant accounting judgments and estimates

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

Critical accounting estimates

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

- management assumptions in determining the allowance for uncollectible amounts.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(m) Significant accounting judgments and estimates (continued)

Critical accounting judgments

The categorization of financial assets and liabilities and functional currency determination are accounting policies that require management to make judgments.

Management applied judgment in determining the property held is being leased as an operating lease. Management also applied judgment in determining the property is an investment property.

Management applied judgment in determining the Companies' ability to continue as a going concern.

(n) Changes in Accounting Policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. These amendments were adopted on January 1, 2016 and there was no significant impact to the Company's unaudited interim combined financial statements

(o) Recent Accounting Pronouncements

Certain new standards, amendments and interpretations are effective for annual years beginning after January 1, 2017 and have not been applied in these unaudited interim combined financial statements. None of these are expected to have a significant impact on the Companies' combined financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014 and specifies how and when revenue is recognized as well as provides users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with 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 receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The company has not yet assessed the impacts of adopting this standard on its combined financial statements.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

2. Significant accounting policies (continued)

(o) Recent Accounting Pronouncements (continued)

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted provided IFRS 15 is adopted at the same time.

3. Capital risk management

The Companies manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Companies’ future investment in equipment and to meet its ongoing administrative costs. The Companies consider its capital to be equity, which comprises retained earnings and members’ capital, which at September 30, 2016, totaled \$9,097,631 (December 31, 2015 – \$8,435,895).

This objective is monitored by management’s review and acceptance of budgets. The Companies are not subject to any material externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Companies, is appropriate.

There were no changes in the Companies’ approach to capital management during the nine months ended September 30, 2016.

4. Financial risk management

(i) Financial risk

The Companies’ activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Risk management is carried out by the Companies’ management team.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Companies’ credit risk is primarily attributable to advances, amounts receivable and loans receivable from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Companies will not have sufficient cash resources to meet its financial obligations as they come due. The Companies generates cash flow primarily from its operating activities. As at September 30, 2016, the Company had cash of \$239,286 (December 31, 2015 - \$4,814) to settle current liabilities of \$77,815 (December 31, 2015 - \$66,012). All of the Company’s financial liabilities are due to related parties, are not subject to interest and are due on demand. The Company regularly evaluates its cash position to ensure preservation as well as liquidity and the Company’s ability to continue as a going concern (see note 1).

(iv) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. Management believes the Company’s market risk to minimal.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements
Three and Nine Months Ended September 30, 2016
(Expressed in US Dollars)

4. Financial risk management (continued)

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value interest rate risk on its fixed rate financial instruments (e.g. promissory notes receivable). There was no significant change in exposure from the prior year.

(b) Foreign currency risk

The Company's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. The Company is not exposed to foreign currency risk.

5. Categories of financial instruments

The carrying values of the Companies' financial instruments is as follows:

	As at September 30, 2016	As at December 31, 2015
Financial assets:		
FVTPL		
Cash	\$ 239,286	\$ 4,814
Loans and receivables		
Amounts receivable from related parties	\$ 3,953,491	\$ 2,820,886
Advances to related parties	\$ -	\$ 20,433
Promissory notes from related parties	\$ 2,621,338	\$ 3,496,519
Financial liabilities:		
Other financial liabilities		
Security deposit	\$ 76,000	\$ 66,000
Amounts payable	\$ 1,815	\$ 12

6. Investment properties

The Companies' investment properties include the following:

1) 7343 South 89th Place, Mesa, AZ 85242

This property consists of land and a building zoned and approved for Medical Marijuana. A Special Use Permit has been obtained. The building is approximately 15,000 square feet and houses a dispensary, cultivation and production facilities. This facility currently is leased to Health for Life Inc. ("H4L"), an affiliated company.

2) 7445 South 89th Place, Mesa, AZ 85212

This property consists of land zoned and approved for Medical Marijuana. A Special Use Permit has been obtained.

3) 7463 South 89th Place, Mesa, AZ 85212

This property consists of land zoned and approved for Medical Marijuana. A Special Use Permit has been obtained.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

6. Investment properties (continued)

4) 7818 South 89th Place, Mesa, AZ 85212

This property consists of land and a building. The building is approximately 3,500 square feet and houses corporate offices as well as a warehouse to hold supplies for the dispensaries, cultivation facility and the laboratory. This facility currently is leased to Health for Life Inc. ("H4L"), an affiliated company.

For the three and nine months ended September 30, 2016, \$129,600 and \$385,277, respectively (three and nine months ended September 30, 2015 - \$117,000 and \$351,000) in rental income and \$49,889 and \$132,343, respectively (three and nine months ended September 30, 2015 - \$29,169 and \$71,543, respectively) in interest income relate to the investment properties and are included in the statements of income and comprehensive income. For the three and nine months ended September 30, 2016, \$13,087 and \$39,261, respectively (three and nine months ended September 30, 2015 - \$11,523 and \$34,570, respectively) in depreciation relate to the investment properties and are included in the statements of income and comprehensive income.

The Companies have completed an independent appraisal of the properties which estimates the fair value of the investment properties to lie in the range of \$1,555,000 - \$1,600,000. The appraisal was completed using a methodology to analyze the "as is" market value, which estimates the market value of a property in the condition observed upon inspection and as it currently exists. As such the appraisal did not consider the permits associated with the property or the value of these permits and the use of the property in the cultivation, production and dispensing of Medical Marijuana. The Companies' believe the value of the special permits associated with the properties to be significant and therefore the fair value of the investment property is on the higher end of the range. Management believes that this value is significant however the value cannot be reliably measured.

The carrying values of the Companies' investment properties are as follows:

	Cost	Accumulated Depreciation	Net Carrying Value
Balance, January 1, 2015	\$ 1,884,968	\$ (44,444)	\$ 1,840,524
Additions	333,913	-	333,913
Depreciation for the year	-	(46,094)	(46,094)
Balance, December 31, 2015	\$ 2,218,881	\$ (90,538)	\$ 2,128,343
Additions	247,114	-	247,114
Depreciation for the period	-	(39,261)	(12,962)
Balance, September 30, 2016	\$ 2,465,995	\$ (129,799)	\$ 2,336,196

The future minimum lease payments to be received on the Companies' investment properties are as follows:

Not later than one year	\$ 518,400
Later than one year, but not later than five years	2,101,800
Later than five years	1,107,000
Total	\$ 3,727,200

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

7. Equipment

Cost

	Furniture	Vehicle	Total
Balance, January 1, 2015	\$ 16,604	\$ -	\$ 16,604
Additions	-	20,902	20,902
Balance, December 31, 2015	\$ 16,604	\$ 20,902	\$ 37,506
Additions	-	-	-
Balance, September 30, 2016	\$ 16,604	\$ 20,902	\$ 37,506

Accumulated depreciation

	Furniture	Vehicle	Total
Balance, January 1, 2015	\$ 1,087	\$ -	\$ 1,087
Depreciation	2,372	3,135	5,507
Balance, December 31, 2015	\$ 3,459	\$ 3,135	\$ 6,594
Depreciation	1,779	3,998	5,777
Balance, September 30, 2016	\$ 5,238	\$ 7,133	\$ 12,371

Carrying amounts

	Furniture	Vehicle	Total
At December 31, 2015	\$ 13,145	\$ 17,767	\$ 30,912
At September 30, 2016	\$ 11,366	\$ 13,769	\$ 25,135

8. Security deposit

As at September 30, 2016, the Companies hold security deposits of \$76,000 (December 31, 2015 - \$66,000) in connection with lease agreements between the Companies and H4L. The deposits are fully reimbursable on expiration of the leases and fulfillment of H4L's obligations under the agreements.

9. Members' capital

a) Members' capital accounts

Members' capital accounts include the initial contribution, additional contributions made and any withdrawals thereafter.

b) Authorized share capital

As at September 30, 2016 and December 31, 2015, the Companies did not have any share capital.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

10. Related party transactions

Related parties include the beneficial members, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at September 30, 2016, Beth Stavola and Michael Stavola are the beneficial members of the Company.

(a) S8 Group entered into the following transactions with related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Health for Life Inc. ("H4L") (i)	\$ 383,940	\$ 336,869	\$ 1,126,946	\$ 984,307
Soothing Options Inc. ("Soothing") (ii)	\$ 151,201	\$ 131,444	\$ 439,791	\$ 384,007

- (i) S8 Management has a management agreement with H4L whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by H4L or S8 Management. S8 Rentals leases H4L its operating facility. For the three and nine months ended September 30, 2016, the Companies recorded \$133,350 and \$396,527, respectively (three and nine months ended September 30, 2015 - \$117,000 and \$351,000, respectively) in rental income and \$75,000 and \$225,000, respectively (three and nine months ended September 30, 2015 - \$75,000 and \$225,000, respectively) in management fees from H4L. H4L is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the three and nine months ended September 30, 2016, \$88,102 and \$242,131, respectively (three and nine months ended September 30, 2015 - \$57,257 and \$145,468, respectively) in interest was earned on rent and management fees outstanding. As at September 30, 2016, the Companies were owed \$2,690,327 (December 31, 2015 - \$1,892,386) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$2,000,000 to H4L, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the three and nine months ended September 30, 2016, \$87,488 and \$263,289, respectively (three and nine months ended September 30, 2015 - \$87,613 and \$262,839, respectively) in interest was earned on the outstanding balance. As at September 30, 2016, H4L owes the Companies \$1,844,465 (December 31, 2015 - \$2,537,264) and this amount is included in promissory notes from related parties.

- (ii) S8 Management has a management agreement with Soothing whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by Soothing or S8 Management. For the three and nine months ended September 30, 2016, the Companies recorded \$75,000 and \$225,000, respectively (three and nine months ended September 30, 2015 - \$75,000 and \$225,000, respectively) in management fees and \$3,750 and \$11,250, respectively (three and nine months ended September 30, 2015 - \$nil) in rental income from Soothing. Soothing is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the three and nine months ended September 30, 2016, \$41,575 and \$110,913, respectively (three and nine months ended September 30, 2015 - \$26,963 and \$70,563, respectively) in interest was earned on rent and management fees outstanding. As at September 30, 2016, the Companies were owed \$1,263,163 (December 31, 2015 - \$928,500) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$900,000 to Soothing, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the three and nine months ended September 30, 2016, \$30,876 and \$92,628, respectively (three and nine months ended September 30, 2015 - \$29,482 and \$88,445, respectively) in interest was earned on the outstanding balance. As at September 30, 2016, Soothing owes the Companies \$776,874 (December 31, 2015 - \$959,256) and this amount is included in promissory notes from related parties.

S8 Group of Companies

Notes to Unaudited Interim Combined Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in US Dollars)

10. Related party transactions (continued)

As at September 30, 2016, the Companies were owed \$nil (December 31, 2015 - \$20,000) from GEM, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GEM for expenses. There are no set terms and the amount is due on demand.

As at September 30, 2016, the Companies were owed \$nil (December 31, 2015 - \$433) from MES Management, a company controlled by the beneficial members, and this amount is included advances to related parties.

(b) Remuneration of beneficial members or key management personnel:

There was no remuneration to any beneficial members or key management personnel of the Companies.

10. Segmented information

As at September 30, 2016, the Company operates in one reportable segment, being the rental of property in the USA. The Company maintains a head office in Phoenix, Arizona, USA.

11. Economic dependence

100% (2015 - 100%) of the Company's sales are made to two customers. The loss of these customers or curtailment of their transactions could have a material adverse impact on the Company's operating results and financial position.

12. Proposed Transaction

On September 9, 2016, the Companies successfully re-negotiated a Letter of Intent to sell its operations currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

The purchase price for the Business will be US \$25 million, payable in US \$15 million cash on closing and the issuance of a promissory note of US\$10 million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured by the assets of the Business. The purchaser shall have the option to pre-pay the promissory note at any time without penalty.

As of the date of this document, the Transaction has been completed.

13. Subsequent Event

Subsequent to the period ended September 30, 2016, a promissory note agreement between the Companies and ReProp Investments, Inc. became effective. The promissory note for the principal of \$1,138,250 matures on November 1, 2031, has a fixed interest rate of 9.25% for the first 24 months of the term, and a variable interest rate of 5.75% above the prime lending rate as published by The Wall Street Journal. In addition, the agreement has a balloon payment feature which requires principal payment(s) of \$79,250 on or before December 1, 2017.

SCHEDULE "D"
S8 COMPANIES MANAGEMENT'S DISCUSSION AND ANALYSIS

S8 GROUP OF COMPANIES

Management's Discussion and Analysis

Year ended December 31, 2015

Dated – January 23, 2017

This management discussion and analysis has been prepared from information available to the S8 Group of Companies (the "Companies" or "S8") as at January 23, 2017 and should be read in conjunction with the audited combined financial statements for the years ended December 31, 2015 and 2014 together with the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). All figures are in US dollars unless stated otherwise.

This MD&A contains certain forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward looking statements"). These statements relate to future events or to future performance of the Companies. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", or "believes", or variations of, or the negatives of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the opinions and estimates of management as at the date the information is given, and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. The forward-looking statements in this MD&A speak only as at the date of this MD&A or as of the date specified in such statement.

Description of the Business

S8 Group of Companies (the "Companies" or "S8") includes S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The Companies were organized under the Arizona Limited Liability Company Act. The primary offices are located in Phoenix, USA. The S8 Group provides financing, management services and rental facilities for operations to the related companies Health for Life, Inc. ("H4L") and Soothing Options, Inc. ("Soothing"). H4L and Soothing are non-profit organizations operating medical marijuana dispensary facilities under the rules and regulations of the Arizona Department Health Services ("AZDHS") Medical Marijuana Program.

Proposed Transaction

On September 9, 2016, the Companies successfully re-negotiated a Letter of Intent to sell its operations currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

The purchase price for the Business will be US \$25 million, payable in US \$15 million cash on closing and the issuance of a promissory note of US\$10 million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured by

the assets of the Business. The purchaser shall have the option to pre-pay the promissory note at any time without penalty.

As of the date of this document, the Transaction has been completed.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the audited annual consolidated financial statements of the Company as at December 31, 2015, 2014 and 2013 and for the years then ended.

	Year ended December 31, 2015 (\$)	Year ended December 31, 2014 (\$)	Year ended December 31, 2013 (\$)
Total revenues	1,869,758	1,378,069	517,149
Net income	1,754,431	1,226,233	511,779
Net income per share – basic	n/a	n/a	n/a
Net income per share – diluted	n/a	n/a	n/a
	As at December 31, 2015 (\$)	As at December 31, 2014 (\$)	As at December 31, 2013 (\$)
Total assets	8,501,907	6,359,052	3,039,497
Total non-current financial liabilities	nil	nil	nil
Distribution or cash dividends	n/a	n/a	n/a

- The net income for the year ended December 31, 2015, consisted primarily of: (i) operating revenues which included interest income of \$675,378; management fees of \$600,000 rental income from investment properties of \$468,000; interest income from investment properties of \$106,380; and rental income of \$20,000. This was offset by (ii) operating expenses which included depreciation from investment properties of \$46,094; payroll of \$45,820; professional fees of \$16,888; depreciation of \$5,507; insurance of \$2,637 as well as other general administrative expenses.
- The net income for the year ended December 31, 2014, consisted of: (i) operating revenues which included management fees of \$600,000 interest income of \$442,069; rental income from investment properties of \$300,000; and interest income from investment properties of \$36,000. This was offset by (ii) operating expenses which included payroll of \$106,134; depreciation from investment properties of \$40,104; professional fees of \$3,273; depreciation of \$1,087; as well as other general administrative expenses.
- The net income for the year ended December 31, 2013 consisted of: (i) operating revenues which included management fees of \$375,000 interest income of \$75,698; rental income from investment properties of \$37,500; interest income from investment properties of \$381; and (ii) other income of \$28,570. This was offset by (ii) operating expenses which included depreciation from investment properties of \$4,341; as well as other general administrative expenses.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Total Assets \$	Profit or Loss	
		Total \$	Per Share \$ ⁽⁹⁾
December 31, 2015	8,501,907	460,073 ⁽¹⁾	n/a
September 30, 2015	8,095,320	444,543 ⁽²⁾	n/a
June 30, 2015	7,675,403	435,760 ⁽³⁾	n/a
March 31, 2015	7,173,181	414,055 ⁽⁴⁾	n/a
December 31, 2014	6,359,052	266,222 ⁽⁵⁾	n/a
September 30, 2014	5,718,327	327,623 ⁽⁶⁾	n/a
June 30, 2014	4,801,220	313,234 ⁽⁷⁾	n/a
March 31, 2014	3,815,757	319,154 ⁽⁸⁾	n/a

Notes:

- (1) Net income of \$460,073 principally relates to interest income of \$179,607, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$34,837, rental income of \$20,000, and operating expenses related to general working capital purposes.
- (2) Net income of \$444,543 principally relates to interest income of \$172,144, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$29,169, and operating expenses related to general working capital purposes.
- (3) Net income of \$435,760 principally relates to interest income of \$164,907, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$23,677, and operating expenses related to general working capital purposes.
- (4) Net income of \$414,055 principally relates to interest income of \$158,720, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$18,697, and operating expenses related to general working capital purposes.
- (5) Net income of \$266,222 principally relates to management fees of \$150,000 interest income of \$120,980, rental income from investment properties of \$75,000, interest income from investment properties of \$15,294, and operating expenses related to general working capital purposes.
- (6) Net income of \$327,623 principally relates to management fees of \$150,000 interest income of \$113,817, rental income from investment properties of \$75,000, interest income from investment properties of \$9,562, and operating expenses related to general working capital purposes.
- (7) Net income of \$313,234 principally relates to management fees of \$150,000 interest income of \$106,880, rental income from investment properties of \$75,000, interest income from investment properties of \$7,206, and operating expenses related to general working capital purposes.
- (8) Net income of \$319,154 principally relates to management fees of \$150,000 interest income of \$100,392, rental income from investment properties of \$75,000, interest income from investment properties of \$3,938, and operating expenses related to general working capital purposes.

DISCUSSION OF OPERATIONS

Three months ended December 31, 2015 compared to the three months ended December 31, 2014

The Companies' net income totalled \$460,073 for the three months ended December 31, 2015. This compares with net income of \$266,222 for the three months ended December 31, 2014. The increase of \$193,851 was primarily due to the following:

- Interest income increased from \$120,980 for the three months ended December 31, 2014 to \$179,607 in the 2015 comparative period due to the increase in balances owed to the Companies.
- Rental income from investment properties increased from \$75,000 in 2014 to \$117,000 in 2015 due to an increase in rental rates.
- Operating costs decreased from \$95,052 in 2014 to \$41,371 in 2015, due to a decrease in payroll expenses.

Year ended December 31, 2015 compared to the year ended December 31, 2014

The Companies' net income totalled \$1,754,431 for the year ended December 31, 2014. This compares with net income of \$1,226,233 for the year ended December 31, 2013. The increase of \$528,198 was primarily due to the following:

- Interest income increased from \$442,069 for the year ended December 31, 2014 to \$675,378 in the 2015 comparative period due to the increase in balances owed to the Companies.
- Rental income from investment properties increased from \$300,000 in 2014 to \$468,000 in 2015 due to an increase in rental rates.
- Interest income from investment properties increased from \$36,000 in 2014 to \$106,380 in 2015 due to the increase in balances owed to the Companies.
- Operating costs decreased from \$151,836 in 2014 to \$117,505 in 2015, due to a decrease in payroll expenses.

Liquidity and Capital Resources

As at December 31, 2015, the Companies' had current liabilities of \$66,012 (December 31, 2014 – \$67,737) and cash of \$4,814, (December 31, 2014 –\$63,641) to meet its current obligations. As at December 31, 2015, the Companies' had working capital of \$1,759,235 compared to \$27,718 at December 31, 2014. The ability of the Companies to continue as going concerns is dependent on the settlement of their outstanding receivables and their ability to secure additional capital from their beneficial members. All of the Companies' trade payables have contractual maturities that are subject to normal trade terms.

At December 31, 2015, the Companies have amounts receivable from related parties totaling \$2,820,886 (December 31, 2014 - \$1,503,256) and promissory notes from related parties of \$3,496,519 (December 31, 2014 – 2,904,300). The large outstanding balances owed from related parties, H4L and Soothing are due to both parties having been in the development stage from 2013 through 2015. However, both parties became profitable and cash flow positive near the end of 2015 and Management expects the outstanding balances to be settled in a timely manner. During 2016, the Companies have received payments in excess of \$1,275,000.

The Companies do not presently have any fixed commitments for material capital expenditures over the near or long term.

Change in Accounting Policies

There were no relevant changes to significant accounting policies during the year ended December 31, 2015.

Future Accounting Changes

Certain new standards, amendments and interpretations are effective for annual years beginning after January 1, 2016 and have not been applied in these combined financial statements. None of these are expected to have a significant impact on the Companies' combined financial statements.

IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. The amendments are effective for annual years beginning on or after January 1, 2016.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014 and specifies how and when revenue is recognized as well as provides users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with 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 receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple–element arrangements.

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The company has not yet assessed the impacts of adopting this standard on its combined financial statements.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted provided IFRS 15 is adopted at the same time.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company 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 Company, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

Related parties include the beneficial members, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at December 31, 2015, Beth Stavola and Michael Stavola are the beneficial members of the Company.

(a) S8 Group entered into the following transactions with related parties:

Names	Year Ended December 31, 2015 \$	Year Ended December 31, 2014 \$
H4L (i)	1,340,582	920,419
Soothing (ii)	529,176	457,650
Total	1,869,758	1,378,069

- (i) S8 Management has a management agreement with H4L whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by H4L or S8 Management. S8 Rentals leases H4L its operating facility. For the year ended December 31, 2015, the Companies recorded \$478,000 (year ended December 31, 2014 - \$300,000) in rental income and \$300,000 (year ended December 31, 2014 - \$300,000) in management fees from H4L. H4L is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the year ended December 31, 2015, \$212,130 (year ended December 31, 2014 - \$87,750) in interest was earned on rent and management fees outstanding. As at December 31, 2015, the Companies were owed \$1,892,386 (December 31, 2014 - \$977,256) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$2,000,000 to H4L, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the year ended December 31, 2015, \$350,452 (year ended December 31, 2014 - \$232,669) in interest was earned on the outstanding balance. As at December 31, 2015, H4L owes the Companies \$2,537,264 (December 31, 2014 - \$2,029,485) and this amount is included in promissory notes from related parties.

- (ii) S8 Management has a management agreement with Soothing whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by Soothing or S8 Management. For the year ended December 31, 2015, the Companies recorded \$300,000 (year ended December 31, 2014 - \$300,000) in management fees, \$10,000 (year ended December 31, 2014 - \$nil) in rental income and \$101,250 (year

ended December 31, 2014 - \$47,250) in interest income from Soothing. Soothing is controlled by affiliates of the beneficial members of the Company. As at December 31, 2015, the Companies were owed \$928,500 (December 31, 2014 - \$526,000) and this amount is included in amounts receivable from related parties. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$900,000 to Soothing, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the year ended December 31, 2015, \$117,926 (year ended December 31, 2014 - \$110,400) in interest was earned on the outstanding balance. As at December 31, 2015, Soothing owes the Companies \$959,256 (December 31, 2014 - \$874,815) and this amount is included in promissory notes from related parties.

As at December 31, 2015, the Companies were owed \$20,000 (December 31, 2014 - \$nil) from GEM, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GEM for expenses. There are no set terms and the amount is due on demand.

As at December 31, 2015, the Companies were owed \$433 (December 31, 2014 - \$nil) from MES Management, a company controlled by the beneficial members, and this amount is included advances to related parties.

As at December 31, 2015, the Companies were owed \$nil (December 31, 2014 - \$31,814) from GreenMart of Nevada, LLC, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GreenMart for expenses. There are no set terms and the amount is due on demand.

(b) Remuneration of beneficial members or key management personnel:

There was no remuneration to any beneficial members or key management personnel of the Companies.

Capital Management

The Companies manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Companies' future investment in equipment and to meet its ongoing administrative costs. The Companies consider its capital to be equity, which comprises retained earnings and members' capital, which at December 31, 2015, totaled \$8,435,895.

This objective is monitored by management's review and acceptance of budgets. The Companies are not subject to any material externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Companies, is appropriate.

There were no changes in the Companies' approach to capital management during the years ended December 31, 2015 and December 31, 2014.

Financial Instruments

The Companies' risk exposures and their impact on the Companies' financial instruments are summarized below:

(i) Financial risk

The Companies' activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Risk management is carried out by the Companies' management team.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Companies' credit risk is primarily attributable to advances, amounts receivable and loans receivable from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Companies will not have sufficient cash resources to meet its financial obligations as they come due. The Companies generates cash flow primarily from its operating activities. As at December 31, 2015, the Company had cash of \$4,814 (December 31, 2014 - \$63,641) to settle current liabilities of \$66,012 (December 31, 2014 - \$67,737). All of the Company's financial liabilities are due to related parties, are not subject to interest and are due on demand. The Company regularly evaluates its cash position to ensure preservation as well as liquidity and the Company's ability to continue as a going concern (see note 1).

(iv) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. Management believes the Company's market risk to minimal.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value interest rate risk on its fixed rate financial instruments (e.g. promissory notes receivable). There was no significant change in exposure from the prior year.

(b) Foreign currency risk

The Company's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. The Company is not exposed to foreign currency risk.

Disclosure of Members' Capital and Outstanding Share Data

a) Members' capital accounts

Members' capital accounts include the initial contribution, additional contributions made and any withdrawals thereafter.

b) Authorized share capital

As at December 31, 2015, December 31, 2014 and January 1, 2014, the Companies did not have any share capital.

Risk Factors

Due to the nature of the Companies' business, the legal and economic climate in which it operates and the present stage of development of its business, the Companies may be subject

to significant risks. The Companies' future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Companies will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Companies and there can be no assurance that the Companies will achieve their objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

Economic Dependence

100% (2014 - 100%) of the Company's sales are made to two customers, H4L and Soothing. The loss of these customers or curtailment of their transactions could have a material adverse impact on the Company's operating results and financial position. Since the Companies' dependence is so significant, the Companies are exposed to the following risks.

Collectability of Outstanding Amounts

As at September 30, 2016, amounts receivable from related parties totaled \$2,820,886 (December 31, 2015 – \$1,840,524).

The Companies assess whether there is any indication of impairment on each reporting date. As at September 30, 2016 and December 31, 2015, there was no evidence that indicated impairment of the Companies' amounts receivable from related parties.

The large outstanding balances are due to H4L and Soothing being in the start-up phase of operations and it was Management's expectation that they would have losses during this phase. Even with this expectation, the entities were cash flow positive in 2014 and 2013 and not in financial difficulty.

During the first three quarters of 2016, the entities have made payments totaling \$1,300,000 to the Companies. However, these payments have been applied to the notes payable, not the amounts receivable. This allocation was simply for tax planning purposes and does not detract from the fact that H4L and Soothing have demonstrated their ability to settle the balances owed to the Companies. The entities have shown positive growth and their cash generating ability is expected to continue to increase over the next 24 months. Management expects the entities to pay off the balances remaining by the end of 2018.

Unproven Market

Management believes that the anticipated market for H4L and Soothing's potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including legal and regulatory changes, competition from other products and the degree of commercial viability of the potential products.

Need for Additional Capital

H4L and Soothing will need additional capital to fully implement its business plans to build their presence in the medical cannabis markets in the U.S., while meeting their financial obligations. At present, the parties are financed through their operating cash flow as well as loan arrangements with the Companies. There can be no assurance that these parties will be able to maintain sufficient cash flow to continue to operate and fulfill their debt obligations to the Companies. Failure to maintain such cash flow could result in delay or indefinite postponement of one or more components of the Companies' business objectives.

Lack of Diversity

Larger companies have the ability to manage their risk through diversification. However, the Companies currently lack diversification, in terms of their economic dependence on H4L and Soothing. As a result, the Companies would be impacted by factors affecting the medical cannabis industry.

Inability to Implement the Business Strategy

The growth and expansion of the Companies' business is heavily dependent upon the successful implementation of their business strategy. There can be no assurance that the Companies will be successful in the implementation of their business strategy.

Regulatory Risk

In the U.S., the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale and storage of cannabis based medicines are affected by a body of laws, governmental regulations, administrative determinations, including those by Food and Drug Administration in the U.S. Such laws, regulations and other constraints can exist at the federal, state or local levels. In spite of regulations now existing in 26 U.S. states, the production and sale of cannabis products remains federally illegal in the U.S. There can be no assurance that H4L and Soothing are in compliance with all of these laws, regulations and other constraints. H4L and Soothing may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on their business. The failure of H4L and Soothing to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on their business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead H4L and Soothing to discontinue product development and sale and could have an adverse effect on their business. Since the Companies' revenues are directly reliant on H4L and Soothing, these factors would have a direct impact on the Companies' success.

Outlook and Conclusions

The prospects for the Companies are promising, however uncertain. The progress towards legal acceptance of the medical and recreational cannabis industries in the U.S. continues to be strong. The most recent ballot in November 2016 resulted in 4 states voting in favour of medical marijuana, 4 states voting in favour of recreational marijuana, and 1 state opposed to recreational marijuana. This continued progress is encouraging to the success of Companies.

Subsequent Events

On January 22, 2016, the beneficial members of the Companies entered into a letter of intent (the "LOI") to sell 100% of their interest in the S8 Group of Companies and the affiliated entities H4L and Soothing to The Canadian Bioceutical Corporation for \$22,500,000.

On September 9, 2016, the Companies successfully re-negotiated the LOI to sell its operations currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The purchase price for the Business will be US \$25 million, payable in US \$15 million cash on closing and the issuance of a promissory note of US\$10 million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured

by the assets of the Business. The purchaser shall have the option to pre-pay the promissory note at any time without penalty.

Subsequent to the year ended December 31, 2015, a promissory note agreement between the Companies and ReProp Investments, Inc. became effective. The promissory note for the principal of \$1,138,250 matures on November 1, 2031, has a fixed interest rate of 9.25% for the first 24 months of the term, and a variable interest rate of 5.75% above the prime lending rate as published by The Wall Street Journal. In addition, the agreement has a balloon payment feature which requires principal payment(s) of \$79,250 on or before December 1, 2017.

Management's Responsibilities

Management is responsible for all information contained in this report. The combined financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the combined financial statements in all material aspects.

Investor Caution

Investors should be aware that the cultivation, production and sale of cannabis and cannabidiol derivatives products is now legal in 28 U.S. states and the District of Columbia, but remains a Schedule 1 drug, federally, and therefore remains illegal under U.S. Federal law.

REVIEW AND APPROVAL BY THE COMPANIES' MEMBERS

The Companies' Members approved the contents of this MD&A on January 23, 2017. This MD&A includes a discussion of the Companies' operating and financial results for the year ended December 31, 2015 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2015 and 2014 and notes thereto.

January 23, 2017

"Beth Stavola (signed)"

Beth Stavola
Member

"Michael Stavola (signed)"

Michael Stavola
Member

S8 GROUP OF COMPANIES

Management's Discussion and Analysis Three and Nine Months Ended September 30, 2016 Dated – January 23, 2017

The following interim Management Discussion & Analysis ("Interim MD&A") of the S8 Group of Companies (the "Companies" or "S8") for the three and nine months ended September 30, 2016 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2015. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This management discussion and analysis has been prepared from information available to the Companies as at January 23, 2017 and should be read in conjunction with the Companies' Annual MD&A, audited combined financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto, and the unaudited interim combined financial statements for the three and nine months ended September 30, 2016, together with the notes thereto. All figures are in US dollars unless stated otherwise. The Companies' unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of January 23, 2017, unless otherwise indicated.

This MD&A contains certain forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward looking statements"). These statements relate to future events or to future performance of the Companies. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of the words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", or "believes", or variations of, or the negatives of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the opinions and estimates of management as at the date the information is given, and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. The forward-looking statements in this MD&A speak only as at the date of this MD&A or as of the date specified in such statement.

Description of the Business

S8 Group of Companies (the "Companies" or "S8") includes S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC. The Companies were organized under the Arizona Limited Liability Company Act. The primary offices are located in Phoenix, USA. The S8 Group provides financing, management services and rental facilities for operations to the related companies Health for Life, Inc. ("H4L") and Soothing Options, Inc. ("Soothing"). H4L and Soothing are non-profit organizations operating medical marijuana dispensary facilities under the rules and regulations of the Arizona Department Health Services ("AZDHS") Medical Marijuana Program.

Proposed Transaction

On September 9, 2016, the Companies successfully re-negotiated a Letter of Intent to sell its operations currently engaged in the supply of management and logistical services to medical marijuana dispensaries, production and cultivation businesses in the United States (the "Business").

The Business owns and leases real estate, acquires and leases cultivation and processing equipment, provides accounting, marketing and other support services and supervises cultivation and production operations for medical marijuana enterprises.

The purchase price for the Business will be US \$25 million, payable in US \$15 million cash on closing and the issuance of a promissory note of US\$10 million. The promissory note shall have a 3-year term, with interest paid quarterly at the rate of 8% per annum and will be secured by the assets of the Business. The purchaser shall have the option to pre-pay the promissory note at any time without penalty.

As of the date of this document, the Transaction has been completed.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Total Assets \$	Profit or Loss	
		Total \$	Per Share \$ ⁽⁹⁾
September 30, 2016	9,175,446	500,737 ⁽¹⁾	n/a
June 30, 2016	8,718,505	494,848 ⁽²⁾	n/a
March 31, 2016	8,759,025	440,173 ⁽³⁾	n/a
December 31, 2015	8,501,907	460,073 ⁽⁴⁾	n/a
September 30, 2015	8,095,320	444,544 ⁽⁵⁾	n/a
June 30, 2015	7,675,403	435,760 ⁽⁶⁾	n/a
March 31, 2015	7,173,181	414,054 ⁽⁷⁾	n/a
December 31, 2014	6,359,052	266,222 ⁽⁸⁾	n/a

Notes:

- (1) Net income of \$500,737 principally relates to interest income of \$198,152, management fees of \$150,000 rental income from investment properties of \$129,600, interest income from investment properties of \$49,889, rental income of \$7,500, and operating expenses related to general working capital purposes.
- (2) Net income of \$494,848 principally relates to interest income of \$189,838, management fees of \$150,000 rental income from investment properties of \$129,600, interest income from investment properties of \$43,610, rental income of \$7,500, and operating expenses related to general working capital purposes.
- (3) Net income of \$440,173 principally relates to interest income of \$188,628, management fees of \$150,000 rental income from investment properties of \$126,077, interest income from investment properties of \$38,844, rental income of \$7,500, and operating expenses related to general working capital purposes.
- (4) Net income of \$460,073 principally relates to interest income of \$179,606, management fees of \$150,000 rental income from investment properties of \$117,000, interest income

- from investment properties of \$34,837, rental income of \$20,000, and operating expenses related to general working capital purposes.
- (5) Net income of \$444,544 principally relates to interest income of \$172,145, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$29,169, and operating expenses related to general working capital purposes.
 - (6) Net income of \$435,760 principally relates to interest income of \$164,907, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$23,677, and operating expenses related to general working capital purposes.
 - (7) Net income of \$414,054 principally relates to interest income of \$158,720, management fees of \$150,000 rental income from investment properties of \$117,000, interest income from investment properties of \$18,697, and operating expenses related to general working capital purposes.
 - (8) Net income of \$266,222 principally relates to management fees of \$150,000 interest income of \$120,980, rental income from investment properties of \$75,000, interest income from investment properties of \$15,294, and operating expenses related to general working capital purposes.

DISCUSSION OF OPERATIONS

Three months ended September 30, 2016 compared to the three months ended September 30, 2015

The Companies' net income totalled \$500,737 for the three months ended September 30, 2016. This compares with net income of \$444,544 for the three months ended September 30, 2015. The increase of \$56,193 was primarily due to the following:

- Interest income increased from \$172,145 for the three months ended September 30, 2015 to \$198,152 in the 2016 comparative period due to the increase in balances owed to the Companies.
- Interest income from investment properties increased from \$29,169 in 2015 to \$49,889 in the 2016 comparative period due to the increase in balances owed to the Companies.
- Rental income from investment properties increased from \$117,000 in 2015 to \$129,600 in 2016 due to an increase in rental rates.

Nine months ended September 30, 2016 compared to the nine months ended September 30, 2015

The Companies' net income totalled \$1,435,758 for the nine months ended September 30, 2016. This compares with net income of \$1,294,358 for the nine months ended September 30, 2015. The increase of \$141,400 was primarily due to the following:

- Interest income increased from \$495,771 for the nine months ended September 30, 2015 to \$576,618 in the 2016 comparative period due to the increase in balances owed to the Companies.
- Interest income from investment properties increased from \$71,543 in 2015 to \$132,343 in the 2016 comparative period due to the increase in balances owed to the Companies.
- Rental income from investment properties increased from \$351,000 in 2015 to \$385,277 in 2016 due to an increase in rental rates.
- Rental income increased from \$nil in 2015 to \$22,500 in 2016.

- These increases in revenue were offset by an increase in operating costs from \$73,956 in 2015 to \$130,981 in 2016, due to an increase in professional fees related to the proposed transaction.

Liquidity and Capital Resources

As at September 30, 2016, the Companies' had current liabilities of \$77,815 (December 31, 2015 – \$66,012) and cash of \$239,286, (December 31, 2015 –\$4,814) to meet its current obligations. As at September 30, 2016, the Companies' had working capital of \$1,961,471 compared to \$1,759,235 at December 31, 2015. The ability of the Companies to continue as going concerns is dependent on the settlement of their outstanding receivables and their ability to secure additional capital from their beneficial members. All of the Companies' trade payables have contractual maturities that are subject to normal trade terms.

At September 30, 2016, the Companies have amounts receivable from related parties totaling \$3,953,491 (December 31, 2015 - \$2,820,886) and promissory notes from related parties of \$2,621,338 (December 31, 2015 – \$3,496,519). The large outstanding balances owed from related parties, H4L and Soothing are due to both parties having been in the development stage from 2013 through 2015. However, both parties became profitable and cash flow positive near the end of 2015 and Management expects the outstanding balances to be settled in a timely manner. During 2016, the Companies have received payments in excess of \$1,275,000.

The Companies do not presently have any fixed commitments for material capital expenditures over the near or long term.

Change in Accounting Policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. These amendments were adopted on January 1, 2016 and there was no significant impact to the Company's unaudited interim combined financial statements.

Future Accounting Changes

Certain new standards, amendments and interpretations are effective for annual years beginning after January 1, 2017 and have not been applied in these combined financial statements. None of these are expected to have a significant impact on the Companies' combined financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014 and specifies how and when revenue is recognized as well as provides users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with 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 receive in exchange for those goods and services. IFRS 15 will require enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (particularly, service revenue and contract modifications) and improve guidance for multiple–element arrangements.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The company has not yet assessed the impacts of adopting this standard on its combined financial statements.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company 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 Company, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

Related parties include the beneficial members, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at September 30, 2016, Beth Stavola and Michael Stavola are the beneficial members of the Company.

(a) S8 Group entered into the following transactions with related parties:

Names	Three Months Ended September 30, 2015 \$	Three Months Ended September 30, 2015 \$	Nine Months Ended September 30, 2015 \$	Nine Months Ended September 30, 2015 \$
H4L (i)	383,940	336,869	1,126,946	984,307
Soothing (ii)	151,201	131,444	439,791	384,007
Total	535,141	468,313	1,566,737	1,368,314

- (i) S8 Management has a management agreement with H4L whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by H4L or S8 Management. S8 Rentals leases H4L its operating facility. For the three and nine months ended September 30, 2016, the Companies recorded \$133,350 and \$396,527, respectively (three and nine months ended September 30, 2015 - \$117,000 and \$351,000, respectively) in rental income and \$75,000 and \$225,000, respectively (three and nine months ended September 30, 2015 - \$75,000 and \$225,000, respectively) in management fees from H4L. H4L is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the three and nine months ended September 30, 2016, \$88,102 and \$242,131, respectively (three and nine months ended September 30, 2015 - \$57,257 and \$145,468, respectively) in interest was earned on rent and management fees outstanding. As at September 30, 2016, the Companies were owed \$2,690,327 (December 31, 2015 - \$1,892,386) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$2,000,000 to H4L, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the three and nine months ended September 30, 2016, \$87,488 and \$263,289, respectively (three and nine months ended September 30, 2015 - \$87,613 and \$262,839, respectively) in interest was earned on the outstanding balance. As at September 30, 2016, H4L owes the Companies \$1,844,465 (December 31, 2015 - \$2,537,264) and this amount is included in promissory notes from related parties.

- (ii) S8 Management has a management agreement with Soothing whereby S8 Management provides operations and management oversight activities for \$25,000 per month. The agreement is for a one year term, which renews annually for five years unless terminated by Soothing or S8 Management. For the three and nine months ended September 30, 2016, the Companies recorded \$75,000 and \$225,000, respectively (three and nine months ended September 30, 2015 - \$75,000 and \$225,000, respectively) in management fees and \$3,750 and \$11,250, respectively (three and nine months ended September 30, 2015 - \$nil) in rental income from Soothing. Soothing is controlled by affiliates of the beneficial members of the Company. Rent and management fees are due within 90 days, after which they accrue interest at 1.5% per month. For the three and nine months ended September 30, 2016, \$41,575 and \$110,913, respectively (three and nine months ended September 30, 2015 - \$26,963 and \$70,563, respectively) in interest was earned on rent and management fees outstanding. As at September 30, 2016, the Companies were owed \$1,263,163 (December 31, 2015 - \$928,500) and this amount is included in amounts receivable from related parties.

The Companies entered into a secured revolving promissory note agreement dated May 19, 2014 to lend up to \$900,000 to Soothing, which is subject to annual interest of 18% and is to be repaid by September 15, 2022. For the three and nine months ended September 30, 2016, \$30,876 and \$92,628, respectively (three and nine months ended September 30, 2015 - \$29,482 and \$88,445, respectively) in interest was earned on the outstanding balance. As at September 30, 2016, Soothing owes the Companies \$776,874 (December 31, 2015 - \$959,256) and this amount is included in promissory notes from related parties.

As at September 30, 2016, the Companies were owed \$nil (December 31, 2015 - \$20,000) from GEM, a company controlled by the beneficial members, and this amount is included advances to related parties. This amount was advanced to the GEM for expenses. There are no set terms and the amount is due on demand.

As at September 30, 2016, the Companies were owed \$nil (December 31, 2015 - \$433) from MES Management, a company controlled by the beneficial members, and this amount is included advances to related parties.

(b) Remuneration of beneficial members or key management personnel:

There was no remuneration to any beneficial members or key management personnel of the Companies.

Subsequent Event

Subsequent to the period ended September 30, 2016, a promissory note agreement between the Companies and ReProp Investments, Inc. became effective. The promissory note for the principal of \$1,138,250 matures on November 1, 2031, has a fixed interest rate of 9.25% for the first 24 months of the term, and a variable interest rate of 5.75% above the prime lending rate as published by The Wall Street Journal. In addition, the agreement has a balloon payment feature which requires principal payment(s) of \$79,250 on or before December 1, 2017.

Capital Management

The Companies manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Companies' future investment in equipment and to meet its ongoing administrative costs. The Companies consider its capital to be equity, which comprises retained earnings and members' capital, which at September 30, 2016, totaled \$9,097,631 (December 31, 2015 - \$8,435,895).

This objective is monitored by management's review and acceptance of budgets. The Companies are not subject to any material externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Companies, is appropriate.

There were no changes in the Companies' approach to capital management during the nine months ended September 30, 2016.

Financial Instruments

The Companies' risk exposures and their impact on the Companies' financial instruments are summarized below:

(i) Financial risk

The Companies' activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Risk management is carried out by the Companies' management team.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Companies' credit risk is primarily attributable to advances, amounts receivable and loans receivable from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Companies will not have sufficient cash resources to meet its financial obligations as they come due. The Companies generates cash flow primarily from its operating activities. As at September 30, 2016, the Companies had cash of \$239,286 (December 31, 2015 - \$4,814) to settle current liabilities of \$77,815 (December 31, 2015 -

\$66,012). All of the Company's financial liabilities are due to related parties, are not subject to interest and are due on demand. The Companies regularly evaluate their cash position to ensure preservation as well as liquidity and the Companies' ability to continue as a going concern.

(iv) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. Management believes the Companies' market risk to minimal.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Companies are exposed to fair value interest rate risk on its fixed rate financial instruments (e.g. promissory notes receivable). There was no significant change in exposure from the prior year.

(b) Foreign currency risk

The Companies' functional and reporting currency is the US dollar and major purchases are transacted in US dollars. The Company is not exposed to foreign currency risk.

Disclosure of Members' Capital and Outstanding Share Data

a) Members' capital accounts

Members' capital accounts include the initial contribution, additional contributions made and any withdrawals thereafter.

b) Authorized share capital

As at September 30, 2016 and December 31, 2015, the Companies did not have any share capital.

Risk Factors

Due to the nature of the Companies' business, the legal and economic climate in which it operates and the present stage of development of its business, the Companies may be subject to significant risks. The Companies' future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Companies will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Companies and there can be no assurance that the Companies will achieve their objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

Economic Dependence

100% (2015 - 100%) of the Company's sales are made to two customers, H4L and Soothing. The loss of these customers or curtailment of their transactions could have a material adverse impact on the Company's operating results and financial position. Since the Companies' dependence is significant, the Companies are exposed to the following risks.

Collectability of Outstanding Amounts

As at September 30, 2016, amounts receivable from related parties totaled \$3,953,491 (December 31, 2015 – \$2,820,886).

The Companies assess whether there is any indication of impairment on each reporting date. As at September 30, 2016 and December 31, 2015, there was no evidence that indicated impairment of the Companies' amounts receivable from related parties.

The large outstanding balances are due to H4L and Soothing being in the start-up phase of operations and it was Management's expectation that they would have losses during this phase. Even with this expectation, the entities were cash flow positive in 2014 and 2013 and not in financial difficulty.

During the first three quarters of 2016, the entities have made payments totaling \$1,300,000 to the Companies. However, these payments have been applied to the notes payable, not the amounts receivable. This allocation was simply for tax planning purposes and does not detract from the fact that H4L and Soothing have demonstrated their ability to settle the balances owed to the Companies. The entities have shown positive growth and their cash generating ability is expected to continue to increase over the next 24 months. Management expects the entities to pay off the balances remaining by the end of 2018.

Unproven Market

Management believes that the anticipated market for H4L and Soothing's potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including legal and regulatory changes, competition from other products and the degree of commercial viability of the potential products.

Need for Additional Capital

H4L and Soothing will need additional capital to fully implement its business plans to build their presence medical cannabis markets in the U.S., while meeting their financial obligations. At present, the parties are financed through their operating cash flow as well as loan arrangements with the Companies. There can be no assurance that these parties will be able to maintain sufficient cash flow to continue to operate and fulfill their debt obligations to the Companies. Failure to maintain such cash flow could result in delay or indefinite postponement of one or more components of the Companies' business objectives.

Lack of Diversity

Larger companies have the ability to manage their risk through diversification. However, the Companies currently lack diversification, in terms of their economic dependence on H4L and Soothing. As a result, the Companies would be impacted by factors affecting the medical cannabis industry.

Inability to Implement the Business Strategy

The growth and expansion of the Companies' business is heavily dependent upon the successful implementation of their business strategy. There can be no assurance that the Companies will be successful in the implementation of their business strategy.

Regulatory Risk

In the U.S., the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale and storage of cannabis based medicines are affected by a body of laws, governmental regulations, administrative determinations, including those by Food and Drug Administration in the U.S. Such laws, regulations and other constraints can exist at the federal, state or local levels. In spite of regulations now existing in 26 U.S. states, the production and sale of cannabis products remains federally illegal in the U.S. There can be no assurance that H4L and Soothing are in compliance with all of these laws, regulations and other constraints. H4L and Soothing may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on their business. The failure of H4L and Soothing to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on their business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead H4L and Soothing to discontinue product development and sale and could have an adverse effect on their business. Since the Companies' revenues are directly reliant on H4L and Soothing, these factors would have a direct impact on the Companies' success.

Outlook and Conclusions

The prospects for the Companies are promising, however uncertain. The progress towards legal acceptance of the medical and recreational cannabis industries in the U.S. continues to be strong. The most recent ballot in November 2016 resulted in 4 states voting in favour of medical marijuana, 4 states voting in favour of recreational marijuana, and 1 state opposed to recreational marijuana. This continued progress is encouraging to the success of the Companies.

Management's Responsibilities

Management is responsible for all information contained in this report. The combined financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the combined financial statements in all material aspects.

Investor Caution

Investors should be aware that the cultivation, production and sale of cannabis and cannabidiol derivatives products is now legal in 28 U.S. states and the District of Columbia, but remains a Schedule 1 drug, federally, and therefore remains illegal under U.S. Federal law.

Review and Approval by the Companies' Members

The Companies' Members approved the contents of this MD&A on January 23, 2017. This MD&A includes a discussion of the Companies' operating and financial results for the year ended September 30, 2016 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto as well as the interim combined financial statements for the three and nine months ended September 30, 2016, together with the notes thereto.

January 23, 2017

"Beth Stavola (signed)"

Beth Stavola
Member

"Michael Stavola (signed)"

Michael Stavola
Member

SCHEDULE "E"
PRO FORMA FINANCIAL STATEMENTS

THE CANADIAN BIOCEUTICAL CORPORATION

**PRO-FORMA CONSOLIDATED
FINANCIAL STATEMENTS**

September 30, 2016

Unaudited – Prepared by Management

(expressed in Canadian Dollars)

The Canadian Bioceutical Corporation

Pro-Forma Consolidated Statement of Financial Position

As at September 30, 2016

In Canadian Dollars

Unaudited - Prepared by Management

	The Canadian Bioceutical Corporation	S8 Group of Companies	Notes	Pro-forma Adjustments	Pro-forma Consolidated
Assets			<i>Note 2</i>		
Current					
Cash	\$ 9,646	\$ 313,871	a	\$ 35,481,809	\$ 12,928,722
			b	(19,687,500)	
			a	(3,189,104)	
Amounts receivable from related parties	-	\$ 2,361,060		-	2,361,060
HST receivable	6,897	-		-	6,897
Deposits	25,092	-		-	25,092
Total current assets	41,635	2,674,931		12,605,205	15,321,771
Non-current					
Deposits	44,814	-		-	44,814
Amounts receivable from related parties	-	2,824,734		-	2,824,734
Investment properties	-	3,064,388		-	3,064,388
Equipment, net of depreciation \$16,227	-	32,970		-	32,970
Promissory notes from related parties	-	3,438,409		-	3,438,409
Goodwill	-	-	b	20,879,138	20,879,138
Total non-current assets	44,814	9,360,501		20,879,138	30,284,453
Total Assets	\$ 86,449	\$ 12,035,432		\$ 33,484,343	\$ 45,606,224
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 515,757	\$ 2,381		\$ 100,855	618,993
Sales return reserve	989	-		-	989
Security deposit	-	99,689		-	99,689
Due to related parties	56,138	-		-	56,138
Total current liabilities	572,884	102,070		100,855	775,809
Non-current					
Lease inducement	836,263	-		-	836,263
Convertible debentures	73,038	-		-	73,038
Option component of convertible debentures	27,362	-		-	27,362
Promissory note	-	-	b, c	13,125,000	13,125,000
Total Liabilities	1,509,547	102,070		13,225,855	14,837,472
Shareholders' Equity (deficit)					
Capital stock/Members' equity	6,489,300	5,469,041	a	35,481,809	34,389,638
			b	(5,469,041)	
			a	(3,189,104)	
			a	(3,182,731)	
			a	(500,000)	
			a	(354,818)	
			a	(354,818)	
Contributed surplus	1,287,129	-		4,392,367	5,679,496
Accumulated other comprehensive income	93,167	-		-	93,167
Retained earnings (Deficit)	(8,990,882)	6,464,321		(6,565,176)	(9,091,737)
Equity attributable to shareholders of the Company	(1,121,286)	11,933,362		20,258,488	31,070,564
Non-controlling interest	(301,812)	-		-	(301,812)
Total Shareholders' Equity (Deficit)	(1,423,098)	11,933,362		20,258,488	30,768,752
Total Liabilities and Shareholders' Equity (Deficit)	\$ 86,449	\$ 12,035,432		\$ 33,484,343	\$ 45,606,224

- See Accompanying Notes -

The Canadian Bioceutical Corporation

Pro-Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

For the Six Months Ended September 30, 2016

In Canadian Dollars

Unaudited - Prepared by Management

	The Canadian Bioceutical Corporation	S8 Group of Companies	Notes	Pro-forma Adjustments	Pro-forma Consolidated
REVENUE			Note 2		
Rental income	\$ -	\$ 336,079		\$ -	\$ 336,079
Rental income - investment properties	-	19,449		-	19,449
Management fees	-	388,980		-	388,980
Interest income	-	503,068		-	503,068
Interest income - investment properties	-	121,230		-	121,230
	-	1,368,806		-	1,368,806
EXPENSES					
General and administrative	560,625	77,930		(75,000)	563,555
	(560,625)	1,290,876		75,000	805,251
OTHER INCOME (EXPENSE)					
Accretion expense	(6,160)	-		-	(6,160)
Foreign exchange	5,694	-		-	5,694
Fair value change of option component of convertible debt	16,038	-		-	16,038
Interest expense	(2,849)	-		-	(2,849)
Transaction costs	(74,145)	-	d	(175,855)	(250,000)
NET INCOME (LOSS) FOR THE PERIOD	(622,047)	1,290,876		(100,855)	567,974
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Currency translation reserve	(7,806)	-		-	(7,806)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(629,853)	1,290,876		(100,855)	560,168
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Parent company	(622,047)	1,290,876		(100,855)	567,974
Non-controlling interest	-	-		-	-
	(622,047)	1,290,876		(100,855)	567,974
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Parent company	(629,853)	1,290,876		(100,855)	560,168
Non-controlling interest	-	-		-	-
	(629,853)	1,290,876		(100,855)	560,168
INCOME (LOSS) PER SHARE ATTRIBUTABLE TO PARENT COMPANY					
BASIC	\$ (0.01)	n/a			\$ 0.00
FULLY DILUTED	\$ (0.01)	n/a			\$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
BASIC	41,633,378	n/a	e		223,316,479
FULLY DILUTED	41,633,378	n/a	e		276,819,059

- See Accompanying Notes -

The Canadian Bioceutical Corporation

Pro-Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

For the Year Ended March 31, 2016

In Canadian Dollars

Unaudited - Prepared by Management

	The Canadian Bioceutical Corporation	S8 Group of Companies	Notes	Pro-forma Adjustments	Pro-forma Consolidated
REVENUE			Note 2		
Sales	\$ 5,960	\$ -		\$ -	\$ 5,960
Cost of sales	(2,083)	-		-	(2,083)
	3,877	-		-	3,877
Rental income	-	190,543		-	190,543
Rental income - investment properties	-	467,627		-	467,627
Management fees	-	782,640		-	782,640
Interest income	-	919,976		-	919,976
Interest income - investment properties	-	165,041		-	165,041
	3,877	2,525,827		-	2,529,704
EXPENSES					
General and administrative	1,649,132	203,281		-	1,852,413
	(1,645,255)	2,322,546		-	677,291
OTHER INCOME (EXPENSE)					
Write-off goodwill and intangible assets	(1,177,166)	-		-	(1,177,166)
Write-down of inventory	(70,264)	-		-	(70,264)
Foreign exchange	(5,166)	-		-	(5,166)
Interest income (expense)	1,115	-		-	1,115
NET INCOME (LOSS) FOR THE PERIOD	(2,896,736)	2,322,546		-	(574,190)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Currency translation reserve	5,147	-		-	5,147
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(2,891,589)	2,322,546		-	(569,043)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Parent company	(2,896,631)	2,322,546		-	(574,085)
Non-controlling interest	(105)	-		-	(105)
	(2,896,736)	2,322,546		-	(574,190)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Parent company	(2,891,484)	2,322,546		-	(568,938)
Non-controlling interest	(105)	-		-	(105)
	(2,891,589)	2,322,546		-	(569,043)
INCOME (LOSS) PER SHARE ATTRIBUTABLE TO PARENT COMPANY					
BASIC	\$ (0.07)	n/a			\$ (0.00)
FULLY DILUTED	\$ (0.07)	n/a			\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
BASIC	40,078,442	n/a	e		221,761,543
FULLY DILUTED	40,078,442	n/a	e		221,761,543

- See Accompanying Notes -

The Canadian Bioceutical Corporation
Notes to Pro-Forma Consolidated Financial Statements
September 30, 2016
In Canadian Dollars
Unaudited – Prepared by Management

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated statement of financial position as at September 30, 2016 and the unaudited statements of loss and comprehensive loss for the six months ended September 30, 2016 and for the year ended March 31, 2016 have been prepared by management to show the effect to the acquisition of S8 Rentals, LLC ("**S8 Rentals**"), S8 Industries, LLC ("**S8 Industries**"), S8 Management, LLC ("**S8 Management**"), S8 Transportation, LLC ("**S8 Transportation**") (collectively the "**S8 Companies**") by The Canadian Bioceutical Corporation ("**BCC**").

The proposed acquisition has been accounted for in these pro-forma consolidated financial statements as a business combination effected through the issuance of shares and debt, with BCC identified as being the acquirer for accounting purposes. The companies being specifically acquired are: S8 Rentals, LLC, S8 Industries, LLC, S8 Management, LLC and S8 Transportation, LLC.

These pro-forma consolidated financial statements consist of the financial information of BCC and the S8 Companies. All intercompany transactions have been eliminated. The financial information of the S8 Companies to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the S8 Companies included elsewhere in the Listing Statement.

The pro-forma consolidated statement of financial position as at September 30, 2016 and the pro-forma consolidated statement of loss and comprehensive loss for the six months ended September 30, 2016 have been derived from the unaudited consolidated statements of financial position of BCC as at and for the six months ended September 30, 2016 and from unaudited financial information from the S8 Companies as at and for the six months ended September 30, 2016.

The pro-forma consolidated statement of loss and comprehensive loss for the year ended March 31, 2016, has been derived from the annual audited financial statements of BCC for the year ended March 31, 2016, and from unaudited financial information of the S8 Companies for the period April 1, 2015 to March 31, 2016.

The Canadian Bioceutical Corporation
Notes to Pro-Forma Consolidated Financial Statements
September 30, 2016
In Canadian Dollars
Unaudited – Prepared by Management

1. BASIS OF PRESENTATION (*continued*)

The financial statements of the S8 Companies as at and for the six months ended September, 2016, and for the period April 1, 2015 to March 31, 2016 have been reported in Canadian dollars. For purposes of these pro-forma consolidated financial statements, the U.S. balances have been translated to Canadian dollars using the following exchanges rates: (i) September 30, 2016 – spot: 1.3117, (ii) April 1 - September 30, 2016 – average: 1.2966, and (iii) April 1, 2015 – March 31, 2016 – average: 1.3044.

The pro-forma consolidated statement of financial position and pro-forma consolidated statements of loss and comprehensive loss incorporate the assumptions and adjustments described in Note 2. The unaudited pro-forma consolidated statement of financial position as at September 30, 2016 has been prepared as if the acquisition had occurred on September 30, 2016. The unaudited pro-forma consolidated statement of loss and comprehensive loss for the six months ended September 30, 2016 and the unaudited pro-forma consolidated statements of loss and comprehensive loss for the year ended March 31, 2016 have been prepared as if the transaction had occurred on April 1, 2015, being the beginning of BCC's last full financial year.

These pro-forma consolidated financial statements have been prepared based on International Financial Reporting Standards ("IFRS"), using accounting policies and practices consistent with those used in the preparation of BCC's recent interim financial statements prepared under IFRS. Certain significant estimates have been made by management in the preparation of these pro-forma financial statements. In particular, the determination of the fair value of the S8 Companies' assets and liabilities acquired and the fair value of transaction costs. The unaudited pro-forma consolidated statement of financial position and pro-forma consolidated statements of loss and comprehensive loss should be read in conjunction with the unaudited financial statements of BCC for the six months ended September 30, 2016 and the annual audited financial statements of BCC for the year ended March 31, 2016.

The accompanying unaudited pro-forma consolidated statement of financial position and pro-forma consolidated statements of loss and comprehensive loss have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the business combination had taken place on the date indicated or of the financial position and results of operations which may be obtained in future periods. Actual amounts recorded upon consummation of the acquisition will likely differ from those recorded in the unaudited pro-forma consolidated financial statements.

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The unaudited pro-forma consolidated statement of financial position and pro-forma consolidated statement of loss and comprehensive loss incorporate the following pro forma assumptions and adjustments:

a. Private Placement

Pursuant to a capital advisory agreement with Chrystal Capital (“Chrystal”) dated September 9, 2016, BCC undertakes a private placement for \$27,033,759 USD (\$35,481,809 CAD) through the issuance of 177,409,011 common shares. Financing costs associated with this transaction are: (i) 9% work fee - \$3,189,104 CAD paid in cash, (ii) 15,913,655 warrants (valued at \$3,182,731 CAD), each with an exercise price of \$0.20 CAD and an expiration of 60 months, (iii) consulting fees of \$500,000 CAD (paid with 2,500,000 common shares), (iv) advisory fees of \$354,818 CAD (paid in 1,774,090 common shares), and (v) advisory fees of 1,774,090 warrants (valued at \$354,818 CAD), each with an exercise price of \$0.20 CAD and an expiration of 60 months. For the purposes of calculating the common shares to be issued and fees to be paid, the USD proceeds of the private placement have been translated to CAD at a rate of 1.3125.

b. Acquisition of the S8 Companies

Pursuant to purchase agreement dated November 7, 2016 BCC through its wholly owned subsidiary, CGX Life Sciences Inc., a Nevada company (“CGX”), agreed to acquire all of the issued and outstanding membership interests of (i) S8 Industries, LLC, an Arizona limited liability company, (ii) S8 Management, LLC, an Arizona limited liability company, (iii) S8 Rental Services, LLC, an Arizona limited liability company, and (iv) S8 Transportation, LLC, an Arizona limited liability company. Together these four companies represent the S8 Companies.

Subsequent to the completion of the transaction, the S8 Companies will operate as wholly-owned subsidiaries of CGX.

The acquisition is subject to several conditions and precedents.

The following table summarizes the allocation of the purchase price of \$25,000,000 USD to the identifiable assets and liabilities of the Arizona Business if the acquisition took place on September 30, 2016. The assets acquired and liabilities assumed are to be recorded at their estimated fair market values, which are based on preliminary management estimates and are subject to final valuation adjustments. An amount is expected to be allocated to intangible assets, however at this time a valuation is not reliably estimable.

The Canadian Biocetical Corporation
Notes to Pro-Forma Consolidated Financial Statements
September 30, 2016
In Canadian Dollars
Unaudited – Prepared by Management

2 PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (*Continued*)

Cash	\$	313,871
Amounts receivable from related parties – current		2,361,060
Amounts receivable from related parties – long term		2,824,734
Investment properties		3,064,388
Equipment		32,970
Promissory note from related parties		3,438,409
Goodwill		20,879,138
Accounts payable		(2,381)
Security deposits		(99,689)
<u>Net assets of S8 Companies acquired</u>	<u>\$</u>	<u>32,812,500</u>
Cash	\$	19,687,500
Promissory note		13,125,000
<u>Total consideration paid for acquisition of the S8 Companies</u>	<u>\$</u>	<u>32,812,500</u>

c. Promissory note

The Promissory Note has a three (3) year term and bears interest at the rate of eight percent (8%) per annum, such interest being cumulative but not compounded, payable quarterly. Repayment of the Promissory Note shall be secured by a security interest in the S8 Companies' assets, including a first priority mortgage on all real property owned by the S8 Companies.

d. Transaction Costs

Estimated professional fees - \$250,000 CAD
Cash – \$2,429,793 USD, (\$3,189,104 CAD) to Chrystal
Warrants – 15,913,655, (\$3,182,731 CAD) to Chrystal
Common shares – 2,500,000, (\$500,000 CAD) to 2 consultants
Common shares – 1,774,090 (\$354,818 CAD) to 2 consultants
Warrants – 1,774,090, (\$354,818 CAD) to 2 consultants

e. Basic and Diluted Shares Outstanding

For the purposes of these pro-forma consolidated financial statements, the calculation of basic and diluted number of shares outstanding includes the 181,683,101 common shares and 17,687,745 warrants related to the Private Placement.

The Canadian Biocetical Corporation
Notes to Pro-Forma Consolidated Financial Statements
September 30, 2016
In Canadian Dollars
Unaudited – Prepared by Management

3. Equity

- a. Authorized –Unlimited number of common shares without par value
- b. Share capital continuity

	Number of Shares	Share Capital
BCC balance as at September 30, 2016	41,949,553	\$ 6,489,300
Issuance resulting from Private Placement	177,409,011	\$ 35,481,809
Cost of issue – cash		\$ (3,189,104)
Cost of issue – warrants		\$ (3,182,731)
Cost of issue – common shares	2,500,000	\$ (500,000)
Cost of issue – common shares	1,774,090	\$ (354,818)
Cost of issue – warrants		\$ (354,818)
Pro-forma balance as at September 30, 2016	223,632,654	\$ 34,389,638

SCHEDULE “F”
STATEMENT OF EXECUTIVE COMPENSATION

Interpretation

National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”) defines “Executive Officer” to mean, for a reporting issuer, an individual who is

- (a) a chair, vice-chair, or president;
- (b) a chief executive officer or chief financial officer;
- (c) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (d) performing a policy-making function in respect of the issuer.

Form 51-102F6V - *Statement of Executive Compensation – Venture Issuers* further defines the following:

- (a) “company” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;
- (b) “compensation securities” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;
- (c) “external management company” includes a subsidiary, affiliate or associate of the external management company;
- (d) “Named Executive Officers” or “NEOs” means each of the following individuals:
 - (i) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
 - (ii) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
 - (iii) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year; and
 - (iv) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

- (e) “plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and
- (f) “underlying securities” means any securities issuable on conversion, exchange or exercise of compensation securities.

Table of Compensation Excluding Compensation Securities

The following table sets forth the compensation for each NEO and director, for services rendered in all capacities to the Corporation for the financial years ended March 31, 2016 and 2015:

Name and Position	Year Ended Mar 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total compensation (\$)
W. Scott Boyes, President, CEO & Director ⁽¹⁾	2016	\$121,000	Nil	Nil	\$5,000 ⁽²⁾	Nil	\$126,000
	2015	\$45,000	Nil	Nil	\$4,500 ⁽³⁾	Nil	\$49,500
Donald P. Stott, CFO and Director ⁽⁴⁾	2016	\$3,000 ⁽⁵⁾	Nil	Nil	Nil	Nil	\$3,000
	2015	\$1,000 ⁽⁵⁾	Nil	Nil	Nil	Nil	\$1,000
Marilyn H. Bloovol, Chairperson & Director, formerly President and CEO, formerly CFO ⁽⁶⁾	2016	\$3,000	Nil	Nil	Nil	Nil	\$3,000
	2015	\$1,000	Nil	Nil	Nil	Nil	\$1,000
David J. Layman, Director ⁽⁷⁾	2016	\$3,250	Nil	Nil	Nil	Nil	\$3,250
	2015	\$750	Nil	Nil	Nil	Nil	\$750
Randall G. Stafford, Director ⁽⁸⁾	2016	\$750	Nil	Nil	Nil	Nil	\$750
	2015	\$750	Nil	Nil	Nil	Nil	\$750
Melvin Goldberg, Director ⁽⁹⁾	2015	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) W. Scott Boyes was elected as a director of the Corporation on November 18, 2014 and appointed as President and Chief Executive Officer on November 24, 2014.
- (2) Mr. Boyes received the following perquisites during the financial year ended March 31, 2016: (a) an auto allowance of \$5,000.
- (3) Mr. Boyes received the following perquisites during the financial year ended March 31, 2015: (a) an auto allowance of \$4,500.
- (4) Donald P. Stott has been a director of the Corporation since November 8, 1998 and was appointed as the Chief Financial Officer of the Corporation on July 22, 2014 and resigned on December 1, 2016.

- (5) Mr. Stott was compensated as a director for the financial years ended March 31, 2015 and 2016, and received no compensation as Chief Financial Officer during this period.
- (6) Marilyn H. Bloovol has been a director of the Corporation since June, 1981. Ms. Bloovol was appointed as the President and Chief Executive Officer of the Corporation in April, 2013 and resigned on November 24, 2014 at which time Ms. Bloovol was appointed as Chairperson. Ms. Bloovol resigned as Chief Financial Officer of the Corporation on July 22, 2014.
- (7) David J. Layman was elected as a director of the Corporation on November 18, 2014.
- (8) Randall G. Stafford was elected as a director of the Corporation on December 16, 2014 and was appointed as the Chief Financial Officer of the Corporation on December 1, 2016.
- (9) Melvin Goldberg was a director of the Corporation until his resignation on November 18, 2014.

Stock Options and Other Compensation Securities

During the financial year ended March 31, 2016, the Corporation issued the following stock options to NEOs and directors:

Compensation Securities							
Name and Position	Type of compensation security ⁽¹⁾	Number of compensation security, number of underlying securities and percentage of class	Date of issue or grant	Issue conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at the year end (\$)	Expiry date
W. Scott Boyes, President, CEO and Director ⁽²⁾	Stock Options	150,000 ⁽³⁾ (4.18%) ⁽⁴⁾	Jul 9, 2015	\$0.1875	\$0.31	\$0.105	Jul 9, 2017
Donald P. Stott, CFO and Director ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marilyn H. Bloovol, Chairperson and Director, formerly President and CEO, formerly CFO ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David J. Layman, Director ⁽⁷⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Randall G. Stafford, Director ⁽⁸⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The only type of compensation securities that the Corporation has outstanding are stock options.
- (2) W. Scott Boyes was elected as a director of the Corporation on November 18, 2014 and appointed as President and Chief Executive Officer on November 24, 2014.
- (3) The stock options granted to Mr. Boyes vested immediately.
- (4) Based on the number of outstanding stock options as at March 31, 2016.
- (5) Donald P. Stott has been a director of the Corporation since November 8, 1998 and was appointed as the Chief Financial Officer of the Corporation on July 22, 2014 and resigned on December 1, 2016.
- (6) Marilyn H. Bloovol has been a director of the Corporation since June, 1981. Ms. Bloovol was appointed as the President and Chief Executive Officer of the Corporation in April, 2013 and resigned on or about November 24, 2014 at which time Ms. Bloovol was appointed as Chairperson. Ms. Bloovol resigned as Chief Financial Officer of the Corporation on July 22, 2014.
- (7) David J. Layman was elected as a director of the Corporation on November 18, 2014.

- (8) Randall G. Stafford was elected as a director of the Corporation on December 16, 2014 and was appointed as the Chief Financial Officer of the Corporation on December 1, 2016.

Exercise of Compensation Securities held by Directors and NEOs

During the financial year ended March 31, 2016, the following stock options were exercised by NEOs and/or directors:

Exercise of Compensation Securities held by Directors and NEOs							
Name and Position	Type of compensation security ⁽¹⁾	Number of underlying security exercised	Exercise price per security (\$)	Date of Exercise	Closing price of security or underlying security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
W. Scott Boyes, President, CEO and Director ⁽²⁾	N/A	None	N/A	N/A	N/A	N/A	N/A
Donald P. Stott, CFO and Director ⁽³⁾	N/A	None	N/A	N/A	N/A	N/A	N/A
Marilyn H. Bloovol, Chairperson and Director, formerly President and CEO, formerly CFO ⁽⁴⁾	N/A	None	N/A	N/A	N/A	N/A	N/A
David J. Layman, Director ⁽⁵⁾	Stock Options	15,000 Common Shares	\$0.05	Jul 6, 2015	\$0.27	\$0.22	Dec 16, 2017
	Stock Options	25,000 Common Shares	\$0.05	Oct 19, 2015	\$0.215	\$0.165	Dec 16, 2017
	Stock Options	40,000 Common Shares	\$0.05	May 10, 2016	\$0.105	\$0.055	Dec 16, 2017
	Stock Options	35,000 Common Shares	\$0.05	Sep 23, 2016	\$0.105	\$0.055	Dec 16, 2017
Randall G. Stafford, Director ⁽⁶⁾	Stock Options	80,000 Common Shares	\$0.05	Jun 9, 2016	\$0.105	\$0.055	Dec 16, 2017

Notes:

- (1) The only type of compensation securities that the Corporation has outstanding are stock options.
- (2) W. Scott Boyes was elected as a director of the Corporation on November 18, 2014 and appointed as President and Chief Executive Officer on November 24, 2014.
- (3) Donald P. Stott has been a director of the Corporation since November 8, 1998 and was appointed as the Chief Financial Officer of the Corporation on July 22, 2014.
- (4) Marilyn H. Bloovol has been a director of the Corporation since June, 1981. Ms. Bloovol was appointed as the President and Chief Executive Officer of the Corporation in April, 2013 and resigned on or about November 24, 2014 at which time Ms. Bloovol was appointed as Chairperson. Ms. Bloovol resigned as Chief Financial Officer of the Corporation on July 22, 2014.
- (5) David J. Layman was elected as a director of the Corporation on November 18, 2014.
- (6) Randall G. Stafford was elected as a director of the Corporation on December 16, 2014 and was appointed as the Chief Financial Officer of the Corporation on 1, 2016.

Stock Option Plan

In summary, the terms of the Option Plan authorize the BCC Board to grant stock options to optionees. The Stock Option Plan provides for the granting of stock options to purchase Common Shares of the Corporation to various “**Eligible Persons**” which includes directors, officers, employees, consultants and investor relations advisors of the Corporation (as permitted by applicable law). The Stock Option Plan is administered by the Compensation Committee. Options may be granted at the discretion of such Committee, in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan. The number of Common Shares issuable upon exercise of the Options granted under the Stock Option Plan is not more than ten percent (10%) of the number of Common Shares that are issued and outstanding at the time of grant.

The exercise price of Options granted under the Stock Option Plan will be fixed by the Compensation Committee, provided that such exercise price must be equal to the market price, currently being the closing price of the Common Shares on the TSXV on the day preceding the date of grant of the Common Shares, or such other prices as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV policies. The Stock Option Plan also permits the exercise price to be the market price less any discounts from the market price allowed by the TSXV, subject to a minimum price of \$0.05. The Options granted under the Stock Option Plan generally will vest immediately upon issuance unless otherwise specified at the time of grant.

Notice of options granted under the Option Plan must be given to the CSE.

Employment Agreements

The terms of the specific agreements between the Corporation and each of the Named Executive Officers are set out below.

W. Scott Boyes

Allegiance had an employment agreement (the “**Previous Boyes Employment Agreement**”) with W. Scott Boyes, the material terms of which were substantially as follows: Mr. Boyes, as the President of Allegiance, President of CGX and Executive Vice President of all sales subsidiaries, was paid a base salary of \$120,000 per year. Under the Previous Boyes Employment Agreement, Mr. Boyes was to receive bonus compensation based on corporate performance and other incentive bonus payments that may be awarded in the sole discretion of the BCC Board. Mr. Boyes was also entitled to participate in the benefit plans of the Corporation, including medical, dental and life insurance. any future bonus incentive program administered in the sole discretion of the BCC Board.

On November 23, 2014, Mr. Boyes was appointed as the President and Chief Executive Officer of the Corporation.

The Previous Boyes Employment Agreement provided that if Mr. Boyes’ employment was terminated for any reason, other than for just cause, he would be entitled to written notice of not less than the number of months less than 3 years from the start date of Mr. Boyes’ employment under the Previous Boyes Employment Agreement. Pursuant to the Previous Boyes Employment Agreement, Mr. Boyes agreed not to compete with the Corporation’s business and not to solicit the Corporation’s employees and clients during his employment and for twelve (12) years thereafter. Mr. Boyes also agreed to protect the Corporation’s confidential information and intellectual property.

Subsequent to the financial year ended March 31, 2016, the Corporation entered into the Current Boyes Employment Agreement with Mr. Boyes on December 1, 2016, the terms of which are substantially as follows: Mr. Boyes will provide the services of President and Chief Executive Officer of the Corporation for a term of three (3) years for an annual base salary of US\$200,000.

Concurrently with the entering into of the Current Boyes Employment Agreement, the Corporation granted stock options to Mr. Boyes stock options to acquire 3,500,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately.

Mr Boyes is also eligible to receive other employment benefits, including without limitation, incentive compensation, as provided by the Corporation to other full time executive-level employees.

If Mr. Boyes' employment is terminated for cause, Mr. Boyes shall be entitled to receive only that compensation in the form of salary Mr. Boyes and any stock options which have not already vested as of the date of termination shall be forfeited.

If Mr. Boyes resigns, he must provide 180 days written notice to the Corporation of his resignation and shall only be entitled to receive compensation in the form of salary which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited. Mr. Boyes shall make every effort to continue to provide services to the Corporation during the full notice period in order to provide for the transition of Mr. Boyes' duties to a new executive.

If the Current Boyes Employment Agreement is terminated without cause, all compensation payable to Mr. Boyes, which was not otherwise paid under the Current Boyes Employment Agreement through the date of termination, shall be aggregated and paid to Mr. Boyes within thirty (30) days of the date of termination.

Pursuant to the Current Boyes Employment Agreement, Mr. Boyes agreed not to compete with the Corporation's business and not to solicit the Corporation's employees and clients during his employment and for two (2) years thereafter. Mr. Boyes also agreed to protect the Corporation's confidential information and intellectual property.

Elizabeth M. Stavola

CGX entered into the Stavola Employment Agreement with Elizabeth M. Stavola and the Corporation on January 19, 2017, the terms of which are substantially as follows: Ms. Stavola will provide the services of President of CGX for a term of three (3) years for annual base salary of US\$50,000.

Within ten (10) days of each anniversary of the Stavola Employment Agreement, the Corporation shall issue to Ms. Stavola the Stavola Compensation Shares being a total of US\$125,000 of the value of Common Shares per year. The Stavola Compensation Shares shall be earned by Ms. Stavola pro rata during each pay period throughout the course of the year such that in the event of termination of the Stavola Employment Agreement prior to an anniversary of Ms. Stavola's employment, Ms. Stavola shall be entitled to receive the number of Stavola Compensation Shares earned prior to such termination. The value of the Common Shares shall be the average closing price of the Common Shares on the CSE for the thirty (30) days preceding each anniversary of employment or the date of termination, as applicable.

Concurrently with the entering into of the Stavola Employment Agreement, the Corporation granted stock options to Ms. Stavola to acquire: (a) 3,500,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately; (b) 3,500,000 Common Shares at an exercise price of \$0.60 per Common Share, which shall vest after the second anniversary of Ms. Stavola's employment with CGX; and (c) 3,500,000 Common Shares at an exercise price of \$1.00 per Common Share, which shall vest after the third anniversary of Ms. Stavola's employment with CGX.

Ms. Stavola is also eligible to receive other employment benefits, including without limitation, incentive compensation, as provided by CGX to other full time executive-level employees.

If Ms. Stavola's employment is terminated for cause, Ms. Stavola shall be entitled to receive only that compensation in the form of salary and Stavola Compensation Shares which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited.

If Ms. Stavola resigns, she must provide 180 days written notice to CGX of her resignation and shall only be entitled to receive compensation in the form of salary and Stavola Compensation Shares which are earned through the date of termination and any stock options which have not already vested as of the date of termination shall be forfeited, provided however, that if Ms. Stavola provides the transitional services required hereunder during the full notice period, Ms. Stavola shall be entitled to receive the Stavola Compensation Shares that she would have otherwise received if such Stavola Compensation Shares would have become due within ninety (90) days after Ms. Stavola's last date of employment. Ms. Stavola shall make every effort to continue to provide services to CGX during the full notice period in order to provide for the transition of Ms. Stavola's duties to a new President.

If the Stavola Employment Agreement is terminated without cause, all compensation payable to Ms. Stavola, which was not otherwise paid under the Stavola Employment Agreement through the date of termination, shall be aggregated and paid to Ms. Stavola within thirty (30) days of the date of termination.

Pursuant to the Stavola Employment Agreement, Ms. Stavola agreed not to compete with the Corporation's business and not to solicit the Corporation's employees and clients during his employment and for two (2) years thereafter. Ms. Stavola also agreed to protect the Corporation's confidential information and intellectual property.

Stafford Employment Agreement

The Corporation entered into the Stafford Employment Agreement with Mr. Stafford on December 1, 2016, the terms of which are substantially as follows: Mr. Stafford will provide the services of Chief Financial Officer of the Corporation for an annual base salary of \$36,000.

Concurrently with the entering into of the Stafford Employment Agreement, the Corporation granted stock options to Mr. Stafford stock options to acquire 150,000 Common Shares at an exercise price of \$0.20 per Common Share, which shall vest immediately.

Mr. Stafford is also eligible to receive an annual performance bonus, as approved by the BCC Board and shall be entitled to participate in the benefit plans of the Corporation that may be in effect (e.g., medical, dental and life insurance).

If Mr. Stafford's employment is terminated for cause, Mr. Stafford shall be entitled to receive only that compensation in the form of salary Mr. Stafford and any stock options which have not already vested as of the date of termination shall be forfeit.

Termination and Change of Control Benefits

The Corporation has entered into employment contracts with the following NEOs: (a) W. Scott Boyes, as President and Chief Executive Officer of the Corporation; and (b) Elizabeth M. Stavola, as President of CGX. These contracts may require the Corporation to make certain types of payments and provide certain types of benefits to the NEOs if the NEO is terminated without cause.

When determining the amounts and the type of compensation and benefits to provide in the event of a termination or change in control described above, the Corporation considered available information with respect to amounts payable to similarly situated officers of the Corporation's peer groups. Differences in such payments, if any, are driven by the position held by the NEO and by the NEO's length of service with the Corporation. The amounts payable upon termination represent the amounts determined by the Corporation and are not the result of any individual negotiations between the Corporation and any of the NEOs.

Termination Without Cause

If the NEO is terminated without cause, the Corporation may be obligated to make payments or provide benefits to the NEO. A termination without cause means a termination of a NEO for any reason other than the following, each of which provides "Just Cause" for termination:

- (1) any default or breach of the employment agreement which remains uncured for fifteen (15) days after delivery of written notice of same from CGX;
- (2) misappropriation of property of CGX, or perpetration of fraud relating to the business of CGX, or its relationships with its employees, suppliers, and/or patients;
- (3) conviction of a felony by a court of competent jurisdiction;
- (4) the refusal or failure to perform the duties reasonably assigned that are consistent with business practices of CGX, which remain uncured for fifteen (15) days after delivery of written notification by CGX;
- (5) any conduct that causes a material disruption to the business of CGX or that threatens the welfare of CGX's employees or customers;
- (6) abuse of drugs or alcohol;
- (7) sexual harassment (of any form) of customers or staff of CGX; or
- (8) the unauthorized disclosure of confidential or privileged information pertaining to CGX's practice or patients.

Amounts Payable Upon Termination

W. Scott Boyes

Upon any instance of termination without cause, the Corporation is required to pay Mr. Boyes all compensation payable to Mr. Boyes, which was not otherwise paid under the Current Boyes Employment Agreement through the date of termination.

Donald P. Stott

Mr. Stott is not an employee of the Corporation.

Elizabeth M. Stavola

Upon any instance of termination without cause, CGX is required to pay Ms. Stavola all compensation payable to Ms. Stavola, which was not otherwise paid under the Stavola Employment Agreement through the date of termination.

Randall G. Stafford

Upon any instance of termination without cause, the Corporation shall not be required to pay Mr. Stafford any compensation, except for any amounts due and remaining unpaid at the date of termination and not less than the minimum notice period or payment in lieu of notice as required by the *Employment Standards Act* (Ontario).

Quantitative Estimates of Payments upon Termination

Further information regarding payments to the NEOs in the event of a termination may be found in the table below. This table sets forth the estimated amount of payments and other benefits each NEO would be entitled to receive upon the occurrence of the indicated event, assuming that the event occurred on March 31, 2016. Amounts potentially payable under plans which are generally available to all salaried employees, such as life and disability insurance, are excluded from the table.

The values related to vesting of stock options and awards are based upon the fair market value of the Corporation's common stock of \$0.105 per Common Share as reported on the TSXV on March 31, 2016, the last trading day of the Corporation's fiscal year. The salary and incentive payments are calculated based on the amounts of salary and incentive payments which were payable to each NEO as of March 31, 2016.

Actual payments made at any future date may vary, including the amount the NEO would have accrued under the applicable benefit or compensation plan as well as the price of the Corporation's Common Shares.

Name of NEO	Amount Payable in Cash on Termination (\$)
W. Scott Boyes President & CEO	\$600,000.00 ⁽¹⁾
Donald P. Stott ⁽²⁾ CFO	Nil
Elizabeth M. Stavola President, CGX	\$150,000.00 ⁽³⁾
Randall G. Stafford ⁽²⁾ Chief Financial Officer	Varies ⁽⁴⁾

Notes:

- (1) These amounts are provided as if the commencement of the Current Boyes Employment Agreement was March 31, 2016.
- (2) On December 1, 2016, Randall G. Stafford replaced Donald P. Stott as Chief Financial Officer of the Corporation.
- (3) These amounts are provided as if the commencement of the Stavola Employment Agreement was March 31, 2016.

- (4) The amount payable in cash to Mr. Stafford will vary depending on the minimum notice period or payment in lieu of notice as required by the *Employment Standards Act* (Ontario).

Oversight and Description of Director and NEO Compensation

Determination of Director Compensation

The BCC Board reviews and approves changes to the Corporation's director compensation arrangements from time to time to ensure they remain competitive in light of the time commitments required from directors and align directors' interests with those of Shareholders.

Determination of NEO Compensation

The Compensation Committee reviews and approves the Corporation's NEO compensation arrangements annually relative to the performance of the Corporation in executing on its objectives. The current circumstances of the Corporation are given substantial weight in the determination of compensation practices.

Description of NEO Compensation

W. Scott Boyes

For the financial year ended March 31, 2016, Mr. Boyes received a base salary of \$120,000. The Corporation granted 150,000 options to acquire Common Shares at an exercise price of \$0.1875 per Common Share. Mr. Boyes also received the following perquisites: (a) an auto allowance of \$5,000.

Elizabeth M. Stavola

Ms. Stavola was not an employee of the Corporation or any of its subsidiaries during the most recently completed financial year.

Donald P. Stott

Mr. Stott was paid an aggregate attendance fee as a director of the Corporation in the amount of \$1,000 for the most recently completed financial year, broken down as follows: (1) \$1,000 for attendance at two (2) meetings of the BCC Board. Mr. Stott did not attend any meetings of committees of the BCC Board.

Significant Events During the Financial Year Ended March 31, 2016.

There were no significant events during the most recently completed financial year that had a significant effect on the compensation of any NEO or director.

Use of Peer Groups to determine Compensation

As at the most recently completed financial year end, the Corporation did not use peer groups to determine compensation.

Significant Changes to Compensation Policies

During the Most Recently Completed Financial Year Ended March 31, 2016

There were no significant changes to the compensation policies of the Corporation during the most recently completed financial year ended March 31, 2016.

Following the Most Recently Completed Financial Year Ended March 31, 2016

There were no significant changes to the compensation policies of the Corporation following the most recently completed financial year ended March 31, 2016 other than the entering into of the New Boyes Employment Agreement, the Stavola Employment Agreement and the Stafford Employment Agreement.

Pensions

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.