

**THUNDERBIRD BIOMEDICAL INC.**

**Condensed Interim Financial Statements**

(unaudited)

For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to 2013

*(Stated in Canadian Dollars)*

**Notice of No Auditor Review of Interim Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements of Thunderbird Biomedical Inc. for the six months ended June 30, 2014 have been prepared by Management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these financial statements, in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**THUNDERBIRD BIOMEDICAL INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**As at June 30, 2014 and December 31, 2013**  
**(Unaudited - as prepared by management)**  
**(Expressed in Canadian dollars)**

	<u>June 30, 2014</u>	<u>December 31, 2013</u> (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 390,894	\$ 1
Prepaid expenses	<u>15,843</u>	<u>-</u>
<b>Total current assets</b>	<b>406,737</b>	<b>1</b>
<b>EQUIPMENT (Note 5)</b>	<u><b>63,161</b></u>	<u><b>3,945</b></u>
	<u><b>\$ 469,898</b></u>	<u><b>\$ 3,946</b></u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 55,143	\$ 5,500
Due to shareholders (Note 7)	22,351	5,088
Note payable (Note 6)	5,000	8,017
Due to Related Party (Note 9)	<u>32,828</u>	<u>-</u>
<b>Total current liabilities</b>	<u><b>115,322</b></u>	<u><b>18,605</b></u>
<b>SHAREHOLDER'S DEFICIENCY</b>		
Share capital (Note 10)	600,048	1
Deficit	<u>(245,472)</u>	<u>(14,660)</u>
	<u><b>354,576</b></u>	<u><b>(14,659)</b></u>
	<u><b>\$ 469,898</b></u>	<u><b>\$ 3,946</b></u>

Nature and continuance of operations (Note 1)  
Subsequent event (Note 12)

On behalf of the Board of Directors:

"Robert Gagnon"  
Director

*See accompanying notes*

**THUNDERBIRD BIOMEDICAL INC.****CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS****For the three and six month periods ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013****(Unaudited - as prepared by management)****(Expressed in Canadian dollars)**

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	<b>Three months ended</b>		<b>Six Months</b>	<b>Incorporation</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Ended</b>	<b>Date</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>January 28 to</b>
				<b>June 30, 2013</b>
<b>OPERATING EXPENSES</b>				
General and administrative	\$ <u>146,592</u>	\$ <u>891</u>	\$ <u>179,762</u>	\$ <u>923</u>
<b>Loss from operations</b>	(146,592)	(891)	(179,762)	(923)
Reverse acquisition transaction costs	<u>51,050</u>	<u>-</u>	<u>51,050</u>	<u>-</u>
<b>Net loss and comprehensive loss for the period</b>	(197,642)	(891)	(230,812)	(923)
Deficit, beginning of period	<u>(47,830)</u>	<u>(32)</u>	<u>(14,660)</u>	<u>-</u>
<b>DEFICIT, END OF PERIOD</b>	\$ <u>(245,472)</u>	\$ <u>(923)</u>	\$ <u>(245,472)</u>	\$ <u>(923)</u>
<b>Basic and diluted loss per common share</b>			<u>(0.02)</u>	<u>-</u>
<b>Weighted average number of common shares outstanding</b>			<u>11,776,338</u>	<u>10,000,000</u>

*See accompanying notes*

**THUNDERBIRD BIOMEDICAL INC.****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY****For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013****(Unaudited - as prepared by management)****(Expressed in Canadian dollars)**

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	<u>Attributable to the equity holders</u>		
	<u>Share Capital</u>	<u>Deficit</u>	<u>Total Equity (Deficiency)</u>
Balance, January 28, 2013	\$ 1	-	1
Net loss for the period	<u>-</u>	<u>(923)</u>	<u>(923)</u>
Balance, June 30, 2013	<u>\$ 1</u>	<u>\$ (923)</u>	<u>\$ (922)</u>
Balance, January 1, 2014	\$ 1	(14,660)	\$ (14,659)
Equity financing May 2, 2014	600,047	-	600,047
Net loss for the period	<u>-</u>	<u>(230,812)</u>	<u>(230,812)</u>
Balance, June 30, 2014	<u>\$ 600,048</u>	<u>\$ (245,472)</u>	<u>\$ 354,576</u>

*See accompanying notes*

**THUNDERBIRD BIOMEDICAL INC.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS****For the three and six month periods ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013****(Unaudited - as prepared by management)****(Expressed in Canadian dollars)**

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	<b>Three months ended</b>		<b>Six Months</b>	<b>Incorporation</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>Ended</b>	<b>Date</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>January 28 to</b>
				<b>June 30, 2013</b>
Cash provided by (used in):				
Operations				
Net loss	\$ (197,642)	\$ (891)	\$ (230,812)	\$ (923)
Item not affecting cash:				
Depreciation	4,479	-	6,863	-
Changes in non-cash operating working capital				
Prepaid expenses	(15,843)	-	(15,843)	-
Accounts payable and accrued liabilities	<u>41,786</u>	<u>-</u>	<u>49,643</u>	<u>-</u>
	<u>(167,220)</u>	<u>(891)</u>	<u>(190,149)</u>	<u>(923)</u>
Investing				
Purchase of equipment	<u>(38,239)</u>	<u>-</u>	<u>(66,079)</u>	<u>-</u>
Financing				
Advances from shareholders	15,904	891	17,263	923
Repayment of loans and note payable	(21,110)	-	(3,017)	-
Advances from related party	-	-	32,828	-
Proceeds of share issuance	<u>600,047</u>	<u>1</u>	<u>600,047</u>	<u>1</u>
	<u>594,841</u>	<u>892</u>	<u>647,121</u>	<u>924</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>389,382</b>	<b>1</b>	<b>390,893</b>	<b>1</b>
Cash and cash equivalents, beginning of period	<u>1,513</u>	<u>-</u>	<u>1</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ <u>390,895</u></b>	<b>\$ <u>1</u></b>	<b>\$ <u>390,894</u></b>	<b>\$ <u>1</u></b>

There were no significant non-cash investing and finance transactions for the period from January 1, 2014 to June 30, 2014.

*See accompanying notes*

# **THUNDERBIRD BIOMEDICAL INC.**

## **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Thunderbird Biomedical Inc. (the "Corporation" or "Company") was incorporated by articles of incorporation pursuant to the Business Corporations Act of British Columbia on January 28, 2013, with its registered office at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, B.C. V6E 3X1. The principal business of the Corporation is the production and sale of medical marijuana pursuant to the Marijuana for Medical Purposes Regulations (See Note 11).

These condensed interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At June 30, 2014, the Company had not yet achieved profitable operations, had accumulated losses of \$245,472 (2013 - \$14,660) since its inception. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern without raising additional capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate capital and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

In April 2014 the shareholders of the Company passed a special resolution to split the stock of the Company 100,000:1 resulting in the issued stock of the Company changing from 100 to 10,000,000.

On April 28, 2014, the Company issued 526,250 common shares from treasury at a price of \$0.00001 per share for gross proceeds of \$5.26.

On May 2, 2014, the Company issued 1,250,088 common shares from treasury at a price of \$0.48 per share for gross proceeds of \$600,042.24.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

### **Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

### **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the depreciation of equipment, and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax 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.

#### **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 end of the reporting period. 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 utilized.

#### **Loss per share**

Basic loss per share is computed by dividing net loss for the year by the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method for calculating diluted loss per share.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Foreign exchange**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

### **Financial instruments**

#### Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash has been classified under this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Financial instruments (continued)**

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

### Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities, due to shareholder and loan payable have been classified under this category.

### **Equipment**

Equipment is carried at cost less accumulated amortization. Amortization of equipment is calculated using the declining balance method at 30% annual rate. In the year of acquisition, amortization is recorded at one-half the normal rate.

### **Impairment of tangible assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

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**(Expressed in Canadian dollars)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Impairment of tangible assets (continued)**

transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

### **Accounting standards, interpretations and amendments to existing standards that are not yet effective**

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2014 or later periods.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

(i) The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its condensed interim financial statements based on the characteristics of its financial instruments at the time of adoption.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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#### **Accounting standards, interpretations and amendments to existing standards that are not yet effective (continued)**

(ii) The IASB issued IFRIC 21 - Levies (“IFRIC 21”), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event (“obligating event”) described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company has determined that the adoption of this interpretation has no significant impact on its condensed interim financial statements.

(iii) The IASB issued amendments to IAS 36 - Impairment of Assets (“amendments to IAS 36”). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU’s recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively. The Company has determined that the adoption of this interpretation has no significant impact on its unaudited condensed interim financial statements.

### **3. FINANCIAL INSTRUMENTS**

The Company enters into financial instruments to finance its operations in the normal course of business. The carrying values of the Company’s financial instruments compared to their fair values are as follows:

- The fair values of cash, accounts payable and accrued liabilities, due to shareholder and loan payable approximate their carrying values due to the short-term maturity of these instruments.

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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#### **FINANCIAL INSTRUMENTS (continued)**

Fair value hierarchy Financial instruments recorded at fair value at the statement of financial position dates are classified using the fair value hierarchy, which 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 or indirectly.
- Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are classified as Level 1 financial instruments.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

##### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

##### Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

##### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

# THUNDERBIRD BIOMEDICAL INC.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013

(Unaudited - as prepared by management)

(Expressed in Canadian dollars)

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### FINANCIAL INSTRUMENTS (continued)

#### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### 4. CAPITAL MANAGEMENT

The Corporation's objective when managing its capital is to ensure sufficient equity financing to fund its planned operations in a way that maximizes the shareholder return given the assumed risks of its operations. The Corporation considers shareholders' equity as capital. Through the ongoing management of its capital, the Corporation will modify the structure of its capital based on changing economic conditions. In doing so, the Corporation may issue new shares. Annual budgeting is the primary tool used to manage the Corporation's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

### 5. EQUIPMENT

		<u>June 30, 2014</u>		
	Amortization Rates	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	30%	39,750	6,010	33,740
Leasehold improvements	5yr/sl	<u>30,970</u>	<u>1,549</u>	<u>29,421</u>
		<u>\$ 70,720</u>	<u>\$ 7,559</u>	<u>\$ 63,161</u>
		<u>December 31, 2013</u>		
	Amortization Rates	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	30%	<u>4,641</u>	<u>696</u>	<u>3,945</u>
		<u>\$ 4,641</u>	<u>\$ 696</u>	<u>\$ 3,945</u>

# THUNDERBIRD BIOMEDICAL INC.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013

(Unaudited - as prepared by management)

(Expressed in Canadian dollars)

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### 6. NOTE PAYABLE

The note payable bears interest at 15% per annum and is repayable at the earlier of 12 months or receipt by the company of gross investment proceeds of \$400,000 or more. This remaining note payable was repaid in July, 2014.

### 7. DUE TO SHAREHOLDERS

The balances due to the shareholders are unsecured, non-interest bearing and have no specific terms of repayment.

### 8. LOANS PAYABLE

The loans payable outstanding at March 31, 2014 were converted to shareholder loans subject to the terms in Note 7.

### 9. DUE TO RELATED PARTY

The balance due to Ogden Point Software Corporation, and entity with a common shareholder, is unsecured, non-interest bearing and has no specific terms of repayment.

### 10. SHARE CAPITAL

**June 30, 2014**      **December 31, 2013**

#### *Authorized*

Unlimited number of Common Voting shares without par value; and  
Unlimited number of Preferred Non-voting shares without par value

#### *Issued*

Nil (9,000,000 in 2013) Class A shares	\$ -	\$ 0.90
Nil (1,000,000 in 2013) Class B shares	-	0.10
11,776,338 Common shares	<u>600,048</u>	<u>-</u>
	<u>\$ 600,048</u>	<u>\$ 1.00</u>

## **THUNDERBIRD BIOMEDICAL INC.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2014 and the period from date of incorporation January 28, 2013 to June 30, 2013**

**(Unaudited - as prepared by management)**

**(Expressed in Canadian dollars)**

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#### **10. SHARE CAPITAL (continued)**

In April 2014, the shareholders of the Company passed a special resolution to split the stock of the Company 100,000:1 resulting in the issued stock of the Company changing from 100 to 10,000,000. All references to common shares in these financial statements reflect the share split.

Also in April of 2014, the shareholders of the Company passed a special resolution to reorganize the share structure of the company, canceling all existing Class A and B shares in exchange for a new class of Common Shares. Additionally, a class of Preferred shares were authorized.

#### **11. COMMITMENTS AND LICENSE**

On January 1, 2014 the Company assumed a lease for premises to conduct its operations from, for the period January 1, 2014 to May 31, 2014. The Company renegotiated the lease at \$4,750 plus GST per month for an initial term from June 1, 2014 to May 31, 2018 with an option to renew for an additional 4 year term. The total commitment for the initial term is \$239,400 and the current portion is \$59,850.

On February 5, 2014, the Company was issued a Medical Marihuana Production and Sale license by Health Canada pursuant to the Marihuana for Medical Purposes Regulations and the Controlled Drugs and Substances Act. The license is valid until August 5, 2014.

#### **12. SUBSEQUENT EVENTS**

On September 1, 2014 the Company executed a lease for premises to conduct additional operations from, for an initial term from October 1, 2014 to October 31, 2019 with an option to renew for two additional 5 year terms and an option to purchase the land and building during the period November 1, 2014 to October 31, 2017. The total commitment for the initial term is \$1,593,130 and the current portion is \$318,626.

On July 30, 2014 the Company executed a share exchange agreement with Firebird Energy Inc. ("Firebird") and on September 5, 2014 the Company concluded a share exchange with Firebird by way of a reverse takeover (the "Transaction"). All of the issued and outstanding shares of the Company were exchanged in consideration for three Firebird shares for each common share of the Company. Under these terms, Firebird issued 35,329,014 post consolidation common shares to complete the acquisition. Concurrent with the completion of the Transaction, T-Bird affected a consolidation of its share capital, on a 15 (old) for 1 (new) basis and changed its name from Firebird Energy Inc. to T-Bird Pharma Inc. ("T-Bird"). Also concurrent with the completion of the Transaction, T-Bird completed a private placement of 7,500,000 post-consolidation units at \$0.40 per unit, for gross proceeds of \$3 million. Each unit is comprised of one common share and one-half of one common share purchase warrant.