LISTING STATEMENT

FORM 2A

November 7, 2016

CANADA HOUSE WELLNESS GROUP INC.
(FORMERLY ABBA MEDIX GROUP INC.) –
LISTING STATEMENT

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Cautionary Note Regarding Forward-Looking Statements

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward- looking statements" about Canada House Wellness Group Inc. (the "**Corporation**"). In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward- looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the Corporation and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the failure to realize benefits of the acquisition;
- the intention to grow the business and operations of the Corporation;
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions;
- the impact of potential legalization of cannabis in Canada;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Listing Statement and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Corporation are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation and/or persons acting on the Corporation's behalf may issue. The Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Glossary of Terms

The following is a glossary of certain general terms used in this Listing Statement including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Abba**" means Abba Medix Corp.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* (Canada) pursuant to the Act, and any successor or replacement regulations, promulgated under the Act as the same may be amended from time to time and includes all notices, guidance, guidelines and ancillary rules or regulations promulgated thereunder or in connection therewith.

"**Acquisition**" means the proposed acquisition by the Corporation of all of the issued and outstanding MFT Shares and TLP Shares to be carried out in accordance with the terms of the Acquisition Agreement and the provisions of the CBCA upon receipt of CSE Approval.

"**Acquisition Agreement**" means the share exchange agreement among the Corporation, MFT, the shareholders of MFT, TLP, and the shareholders of TLP, dated June 15, 2016.

"**Acquisition Closing Date**" has the meaning ascribed to it in Item 11.

"**Act**" means the *Control Drugs and Substances Act* (Canada).

"**Affiliate**" means a Company that is affiliated with another Company as described below.

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

(d) in the case of a Person who is an individual:

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Beneficial Shareholders**" means shareholders who do not hold their shares in their own name.

"**Canada House**" means Canada House Wellness Group Inc.

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

"**CD Share**" has the meaning ascribed to it in Item 3.1.

"**CD Warrant**" has the meaning ascribed to it in Item 3.1.

"**Clinical Wellness Division**" has the meaning ascribed to it in Item 11.

"**Common Shares**" means the issued and outstanding common shares in the capital of the Corporation as presently constituted.

"**Company**" unless specifically indicated otherwise, means a corporation, unincorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Compensation Options**" means the 2,410,100 equity units, each exercisable into 1 Common Share and 1 Warrant, granted to Mackie Research and its sub-agents in connection with the Offering and exercisable at any time up to 36 months following the Escrow Release.

"**Consideration Shares**" means the Common Shares to be issued by the Corporation to holders of MFT and TLP pursuant to the terms of the Acquisition Agreement.

"**Consolidation**" means the consolidation of all of the issued and outstanding Common Shares of the Corporation on the basis of one (1) new Common Share for every one and one half (1.5) issued and outstanding Common Shares in the capital of the Corporation.

"**Contractual Escrow**" has the meaning ascribed to it in Item 11.

"**Convertible Debenture**" has the meaning ascribed to it in Item 2.4.

"**Corporation**" means Canada House Wellness Group Inc. (formerly known as Abba Medix Group Inc.), a company incorporated under the CBCA.

"**Corporation's Board of Directors**" means the board of directors of the Corporation.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of the re-listing of the Corporation's Common Shares on the CSE, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

"**Debenture Unit Subscription Receipts**" has the meaning ascribed to it in Item 3.1.

"**EBITDA**" means earnings before income, depreciation, tax and amortization.

"**Equity Unit Subscription Receipts**" has the meaning ascribed to it in Item 3.1.

"**Escrow Release Conditions**" has the meaning ascribed to it in Item 3.1.

"**Escrow Release Date**" has the meaning ascribed to it in Item 3.1.

"**Facility**" means the Corporation's proposed facility for the purposes of receiving a License under the ACMPR.

"**FDA**" means the *Food and Drugs Act*.

"**Lease Agreements**" means collectively the three (3) lease agreements between the Corporation and 1083922 Ontario Inc.

"**License**" means a license from Health Canada issued pursuant to the ACMPR, and includes any successor or replacement license issued by Health Canada.

"**Licensed Producer**" means a "Licensed Producer" of medical cannabis under the ACMPR.

"**Mackie Research**" means Mackie Research Capital Corporation.

"**Maturity Date**" has the meaning ascribed to it in Item 3.1.

"**Meeting**" has the meaning ascribed to it in Item 2.4.

"**MFT**" means 672800 NB Inc. doing business as Marijuana for Trauma.

"**MFT Shares**" means all of the issued and outstanding common shares of MFT.

"**MFT Shareholders**" means the holders of MFT Shares.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

"**MMPR**" has the meaning ascribed to it in Item 3.1.

"**Name Change**" means the change of the Corporation's name from Abba Medix Group Inc. to Canada House Wellness Group Inc., or such other name as shall be acceptable to the Corporation's Board of Directors and applicable regulatory authorities.

"**NBBCA**" means the *Business Corporation Act* (New Brunswick).

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

"**Offering**" means the private placement offering of equity units and convertible debenture units in support of the Acquisition.

"**Options**" means the outstanding options of the Corporation.

"**Person**" means an individual or Company.

"**Policy**" has the meaning ascribed to it in Item 11.

"**Purchased Shares**" means the MFT Shares together with the TLP Shares.

"**Regulations**" means the Narcotic Control Regulations pursuant to the Act.

"**Share Cancellation**" has the meaning ascribed to it in Item 2.4.

"**Share Option Plan**" has the meaning ascribed to it in Item 9.

"**Shareholders**" means shareholders of the Corporation.

"**Statutory Escrow**" has the meaning ascribed to it in Item 11.

"**Target Shareholders**" has the meaning ascribed to it in Item 11.

"**Termination Date**" has the meaning ascribed to it in Item 3.1.

"**TLP**" means The Longevity Project Corp.

"**TLP Shares**" means all of the issued and outstanding common shares of TLP.

"**TLP Shareholders**" means the holders of TLP Shares.

"**Warrants**" mean the outstanding common share purchase warrants of the Corporation.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

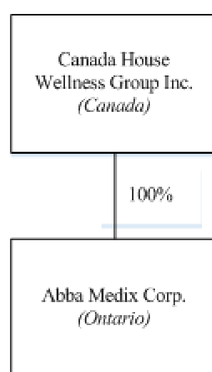
This Form 2A Listing Statement has been prepared with respect to Canada House Wellness Group Inc. ("**Canada House**" or the "**Corporation**") in connection with its re-listing on the Canadian Securities Exchange (the "**CSE**"). The head and registered office of Canada House will be located at 1773 Bayly Street, Pickering, Ontario. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

2.2 Jurisdiction of Incorporation

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) and continued under the *Canada Business Corporations Act* ("**CBCA**"). The Corporation is listed on the CSE under the symbol "ABA".

2.3 Inter-corporate Relationships

Abba Medix Inc. ("**Abba**") is a wholly-owned subsidiary of the Corporation and is incorporated under the OBCA. The following sets out the corporate structure prior to giving effect to the Acquisition.



For an organizational chart following the completion of the Acquisition, please refer to Item 2.4 – Fundamental Change.

2.4 Fundamental Change

On June 15, 2016, the Corporation entered into a share exchange agreement (the "**Acquisition Agreement**") to acquire (the "**Acquisition**") all of the issued and outstanding shares of MFT and TLP. In consideration, the Corporation paid $250,000, issued Common Shares to the shareholders of MFT and TLP, in the aggregate, representing approximately 66% of the Corporation's issued and outstanding Common Shares from treasury on a post-Consolidation basis (the "**Consideration Shares**") prior to giving effect to the Offering, and will pay another $4,000,000 in earn-out payments. The Consideration Shares will be subject to a contractual escrow dependent on the achievement of certain EBITDA targets.

In connection with the Acquisition, the Corporation has changed its name to "Canada House Wellness Group Inc.", and consolidated its Common Shares on the basis of one (1) post-Consolidation Common Share for every one and one half pre-Consolidation Common Shares (the "**Consolidation**"). A special meeting of the Shareholders of the Corporation was called and took place on October 18, 2016 (the "**Meeting**") where Shareholders approved, among other things, a change of the Corporation's name to

"Canada House Wellness Group Inc." (the "**Name Change**") and the Consolidation. A management information circular in respect of the Meeting was delivered to Shareholders and filed on SEDAR at www.sedar.com.

The Acquisition was approved by the written consent of holders of a majority of the outstanding Common Shares of the Corporation.

Upon completion of the Acquisition, and in compliance with the Corporation's bylaws, the board of directors will expand its membership from five (5) individuals to six (6) individuals. The proposed directors of the Corporation upon completion of the Acquisition are Gerald Goldberg, Brad Rogers, David Shpilt, Mike Southwell, Edwin Corey and Nicole Ferris.

The officers of the Corporation consist of Gerald Goldberg (Interim Chief Executive Officer), Mike Johnston (Chief Financial Officer), Mike Southwell (Vice-President and Founder of MFT), Fabian Henry (President and Founder of MFT) and David Shpilt (VP of Clinical Business Development).

The Corporation's authorized share capital consists of an unlimited number of Common Shares without par value. Prior to giving effect to the share cancellation (the "**Share Cancellation**"), the Acquisition, the Consolidation, and the Offering, as described under *Recent Financings* in Item 3.1, the outstanding capital of the Corporation consisted of:

(a) 67,665,364 Common Shares;

(b) 150,000 Options;

(c) 5,487,723 Warrants; and

(d) $575,000 principal of unsecured convertible promissory notes.

Upon completion of the Share Cancellation, the Acquisition, the Consolidation, and the Offering, the outstanding capital of the Corporation consists of:

(a) 116,384,067 Common Shares[1];

(b) 100,000 Options;

(c) 40,267,816 Warrants[2];

(d) $1,275,000 principal of convertible debentures ("**Convertible Debenture**"); and

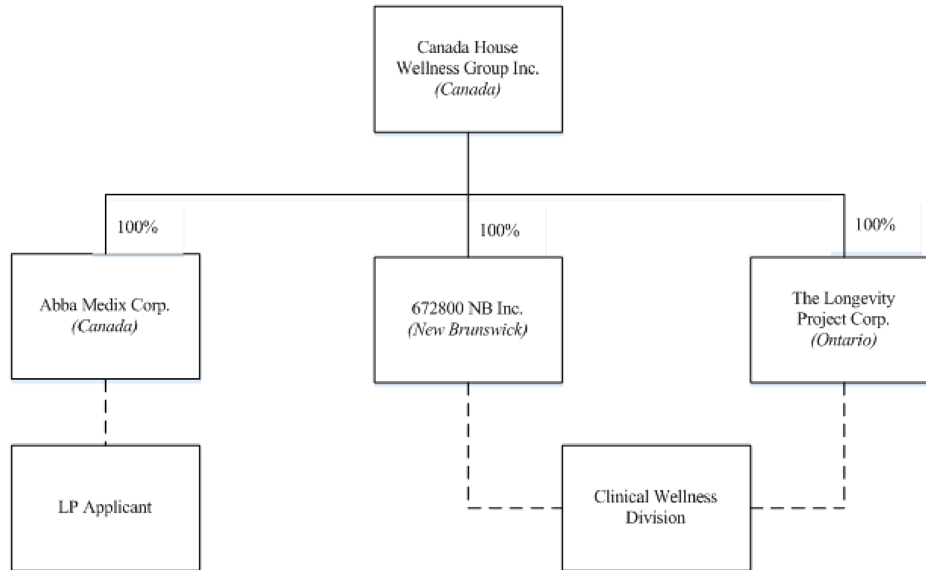
(e) Compensation Options exercisable for 2,410,100 Common Shares and 2,410,100 Warrants.

Post-Acquisition Corporate Structure

As described herein, the Corporation is focused on completing the Acquisition and in connection therewith, the Corporation will acquire two new subsidiaries, as illustrated below.

[1] This value assumes no conversion of the unsecured convertible promissory notes, being the principal amount of $575,000.
[2] This value includes 15,000,000 Warrants to be issued to directors and consultants.

MFT is incorporated under the *Business Corporation Act* (New Brunswick) ("**NBBCA**") and will become wholly-owned subsidiary of the Corporation, upon completion of the Acquisition. TLP is incorporated under the OBCA and will become wholly-owned subsidiary of the Corporation, upon completion of the Acquisition. Other than MFT, TLP, and Abba the Corporation does not anticipate having any other subsidiaries. The organizational chart below sets out the corporate structure of the Corporation including its subsidiary, their respective jurisdictions of incorporation, and the percentage of voting rights held.



Note:

"LP Applicant" and "Clinical Wellness Division" are business operations and not subsidiaries.

Please refer to Item 3.1 – General Development of the Business.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable to the Corporation.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Corporation

Since becoming a reporting issuer in March 2015, the Corporation has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical cannabis industry. It is the Corporation's vision to become a fully integrated medical cannabis producer, in all its allowable forms, selling direct to patients under the *Marihuana for Medical Purposes Regulations* ("**MMPR**")/*Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**"). The Corporation is still awaiting approval of its 14,500 square foot state-of-the-art production Facility in Pickering, Ontario. The Facility will be ready to commence operations upon the receipt of the License, and the Corporation is working closely with Health Canada on a regular basis to ensure that the Facility and the associated standard operating procedures are in compliance with the ACMPR and ready for a pre-license inspection by Health Canada. The Corporation's application is in the review stage of the licensing process, as is more particularly

described in Item 17 – *Risk Factors – Risks Related to the Operations of the Corporation – Licensing Requirements under the ACMPR*.

As a response to the decision rendered on February 24, 2016 in *Allard v Canada* ("**Allard**"), the Government of Canada introduced new regulations called the *Access to Cannabis for Medical Purposes Regulations*. On August 24, 2016 the ACMPR replaced the MMPR as the regulations governing Canada's medical cannabis program. The ACMPR enables an individual to produce their own cannabis for personal use, or designate someone to produce it for them; however, the ACMPR also substantively incorporates the regulatory framework established under the MMPR for Licensed Producers. Under the ACMPR, licenses and license applications consolidate the MMPR license requirements. In addition, the ACMPR enables the production and sale by Licensed Producers of starting materials, including cannabis seeds and plants. The new regulations are not expected to significantly impact the operations of the Corporation.

The Corporation filed an application with Health Canada in November of 2013 to obtain a License and become a Licensed Producer under the MMPR for the Facility. Upon receipt of the License, the Corporation will continue to build out the Facility as production demand increases and financing allows. Funds received from the Offering will be put towards the completion of the Facility.

While there can be no guarantee as to the successful outcome of the Corporation's application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is the Corporation's goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

The market for medical cannabis in Canada is regulated by the Act, the MMPR/ACMPR, the Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption, as required under the FDA, and determining the percentage by weight of the two active ingredients of cannabis, delta-9-Tetrahydrocannabinol and cannabidiol.

Any applicant seeking to become a Licensed Producer under the MMPR/ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada. See Item 17 – *Risk Factors - Risks Related to the Operations of the Corporation – Licensing Requirements under the ACMPR.*

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good

Stage	Overview
	production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance**: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 **Corporation's current stage of the licensing process**	**Review**: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	**Pre-License Inspection**: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
Stage 6	**Licensing**: Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPRR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) to ensure that the dried marihuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public.

The Corporation leases the Facility and office space from 1083922 Ontario Inc., a related party to one of the Shareholders, pursuant to three (3) leases that expire on December 31, 2017 and January 31, 2019 (collectively, the "**Lease Agreements**"). The Lease Agreements with 1083922 Ontario Inc. relate to the Facility located at 1773 Bayly Street, Pickering, Ontario, L1W 2Y7, and the commercial office building. The proposed use of the Facility is for the growing and production of medical cannabis. The Lease Agreements provide for terms as set out in the following table, in all cases with an optional renewal:

Lease	Term	Commencement Date	Expiration Date
Facility Lease..	5 years	February 1, 2014	January 31, 2019
Office Lease...	4 years 7 months	July 1, 2014	January 31, 2019
Facility Lease..	2 years 6 months	July 1, 2014	December 31, 2017

The Lease Agreements provide for minimum lease payments due, as follows:

Period	Annual Net Rent
Fiscal 2016	$195,828
Fiscal 2017	$200,627
Fiscal 2018	$174,573
Fiscal 2019	$78,041

To best of the Corporation's knowledge, all zoning requirements as set out by the municipality of Pickering have been achieved and approved by the city inspectors and the Corporation abides by all city zoning by-laws with respect to operating a medical cannabis facility on the currently leased property. There are no outstanding Ministry of Environment issues and the land is clear of any notices or injunctions. There are no outstanding work orders, non-compliance orders, deficiency notices or other such notices relative to the Facility.

The Facility is currently in the process of being completed.

In total, the Corporation expects the total cost to range from $750,000 to in excess of $1,000,000 in order to ensure the Facility is in a state of readiness for Health Canada's pre-licensing inspection. A portion of the Offering proceeds will be used to fund the completion of the Facility.

Recent Financings

As announced in the press release of the Corporation dated September 6, 2016 (a copy of which is available under the Corporation's profile on SEDAR, at www.sedar.com), the Corporation has completed a private placement offering raising $6,025,000 in support of the Acquisition. The Offering consisted of 19,001,000 equity units (the "**Equity Unit Subscription Receipts**") and 1,275 debenture units (the "**Debenture Unit Subscription Receipts**" and together with the Equity Unit Subscription Receipts, the "**Subscription Receipts**"). Each Equity Unit Subscription Receipt is comprised of: (i) one Common Share of the Corporation; and (ii) one Common Share purchase warrant of the Corporation (a "**Warrant**"). Each Warrant shall be exercisable into one Common Share of the Corporation at an exercise price of $0.40 for a period of twenty-four (24) months from the issuance of the Warrant.

Each Debenture Unit Subscription Receipt is comprised of: (i) $1,000 principal amount of 8.5% secured convertible debentures in the capital of the Corporation with a maturity date ("**Maturity Date**") of 48 months from the date of issuance; and (ii) 1,000 detachable common share purchase warrants of the Corporation (each, a "**CD Warrant**"). Each Convertible Debenture shall be convertible at the holder's option into fully-paid Common Shares of the Corporation (each, a "**CD Share**") at any time prior to the Maturity Date at a conversion price of $0.40 per CD Share, being a ratio of 2,500 CD Shares per $1,000 principal amount of Convertible Debentures. Each CD Warrant shall be exercisable into one common share of the Corporation at a price of: (a) $0.40 per CD Warrant Share between the date the Escrow Release Conditions (defined below) are met (the "**Escrow Release Date**") and the date that is 24 months from the Escrow Release Date; (b) $0.75 per CD Warrant Share between the date that is 24 months from the Escrow Release Date and the date that is 36 months from the Escrow Release Date; and (c) $1.00 per CD Warrant Share between the date that is 36 months from the Escrow Release Date and the Maturity Date.

The Offering is subject to escrow release conditions ("**Escrow Release Conditions**") which must be satisfied by 5:00pm on November 30, 2016, or such later date as may be consented to in writing by the holders of the Subscription Receipts (the "**Termination Date**") failing which the funds raised in the Offering will be returned to the investors. Among the Escrow Release Conditions is a requirement that the Acquisition be completed by the Termination Date.

MFT

MFT is a privately-owned company incorporated under the NBBCA on October 7, 2013. The registered and head office of MFT is located at 255 Restigouche Road, Oromocto, New Brunswick. MFT has no subsidiaries.

MFT is a veteran owned and operated company whose mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. MFT does not currently grow or distribute cannabis. MFT provides services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, MFT has directly supported hundreds of veterans across the country with first class service and care. MFT continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program.

MFT is currently in 8 locations and now boasts 2,200 clients as of January 31, 2016. MFT's goal is to service 15,000 clients in 25 locations across the country by 2019.

MFT had revenues of $3,085,864 for the fiscal year ended April 30, 2016. See Item 25.2 – *Financial Statements of MFT and TLP*.

TLP

TLP is a privately-owned company incorporated under the OBCA on March 25, 2015. The registered and head office of TLP is located at 29 Kilworth Park Drive, Komoka, Ontario. TLP has no subsidiaries.

TLP, through its client services platforms, including the Plants Not Pills program, has provided resources to Canadians considering medical cannabis as an alternative to prescription medication. They have assembled a team of knowledgeable wellness consultants who guide and support clients in understanding safe and effective treatments for their conditions.

TLP had revenues of $845,107 for the period from January 1, 2016 to June 30, 2016. See Item 25.2 – *Financial Statements of MFT and TLP*.

3.2 Significant Acquisitions and Dispositions

Please refer to Item 3.1 – *General Development of the Business* and Item 2.4 - *Fundamental Change*.

3.3 Trends, Commitments, Events or Uncertainties

There are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Corporation's business, the Corporation's financial condition or results of operations. However, there are significant risks associated with the Corporation's business, as described in Item 17 – *Risk Factors*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Corporation's Business

Business of the Corporation

Business Objectives

The foundation of the Corporation's business after completion of the Acquisition will be to aggressively expand the footprint of wellness centres across Canada to provide veteran and first responder wellness services. Beyond the basic wellness services currently offered, services and products ancillary and adjuvant to cannabinoid therapy through integrated clinical offerings are currently being investigated. These extended clinical services are fully accretive to the current business and will further the mission and vision of the Corporation to meaningfully improve the quality of lives for veterans and first responders.

In the 12 months following completion of the Acquisition, the Corporation intends to:

(a) develop clinical wellness centres in 10 new cities;

(b) complete construction of the Facility;

(c) continue to pursue the application process with a view toward obtaining a License to produce and sell medical cannabis under the ACMPR; and

(d) expand the patient base of the Clinical Wellness Division in excess of 10,000 patients.

Significant Events or Milestones

The principal milestones that must occur during the 12-month period following the Acquisition for the business objectives described above to be accomplished are as follows:

Milestone	Target Date	Cost Estimated
Completion of the Facility	Dependent on the licensing process	$1,000,000
Development of new wellness centre locations	December, 2017	$900,000

Total Funds Available

The pro forma working capital position of the Corporation as at April 30, 2016, giving effect to the Acquisition and the Offering as if it had been completed on that date, was $2,625,227.

As disclosed in Item 3.1 – *General Development of the Business*, the Corporation issued 19,001,000 Equity Unit Subscription Receipts and 1,275 Debenture Unit Subscription Receipts for gross proceeds of $6,025,000. The proceeds of the non-brokered financing were deposited into escrow and following the satisfaction of the Escrow Release Conditions, the net proceeds will be released to the Corporation.

The consolidated pro forma balance sheet of the Corporation, which gives effect to the Acquisition as if it had been completed on April 30, 2016, is attached hereto as Schedule A – *Pro Forma Financial Statements*.

Use of Funds

The Corporation intends to use the net proceeds of the Offering as set out below, but such use will depend on its operating needs, the implementation of its strategic plan and any changes in the business environment.

Use of Funds	Total
Renovation – Facility	$750,000
Security & Grow Equipment for Facility	$250,000
New Wellness Centres	$900,000
IT Infrastructure	$250,000
Marketing & Branding	$1,000,000
Legal & Financing Costs	$750,000

4.1.1 Principal Products or Services

Upon completion of the Acquisition, in addition to pursuing the License under the ACMPR, the Corporation will continue to carry on the respective business of MFT and TLP. The rollout of 'total' health clinics across Canada is anticipated in the period following completion of the Acquisition. Adhering to best clinical practices, patients of these clinics are properly medically managed and supported with services and products ancillary and adjuvant to Cannabinoid Therapy through integrated clinical offerings. Beyond the basic wellness services currently offered, services and products ancillary and adjuvant to cannabinoid therapy through integrated clinical offerings are currently being investigated. These extended clinical services are fully accretive to the current business and will further the mission and vision of the company to meaningfully improve the quality of lives for veterans and first responders.

When, and if, the Corporation successfully obtains a License, the Corporation will produce and sell medical cannabis in Canada through Abba. Pursuant to the ACMPR, the Corporation will, upon receipt of a full sales license, sell and distribute medical cannabis to its registered patients.

The Corporation will continue to provide patients with wellness services and subsequent total health solutions, primarily to the veteran patient and first responder population in support of cannabinoid therapy through its nationwide network of clinical wellness centers. The Acquisition will result in the Corporation having 12 clinics across the country, with the intention to double the number of clinics over the next six months.

The Corporation will offer a full range of support and professional services, including medical cannabis, mental health services, complementary and alternative medical services. These services will be open to all potential patients.

See Item 25.2 – *Financial Statements of MFT and TLP*.

4.1.2 Production and Sales

Following the Acquisition, the Corporation will be uniquely positioned over many other stakeholders in the current landscape, as it represents predominantly high value patient groups such as veterans, personal injury claimants, the disability management sector and the occupational health – employer markets. High value patients are those patients who are eligible for third party insurance coverage of cannabinoid

therapy. The average consumption of this patient population is 3-6 times greater than an uninsured patient. Through the "total" health clinics the Corporation will provide a full range of support and professional services, including medical cannabis, mental health services, complementary and alternative medical services. These services will be open to all potential patients and not limited to only high value patients.

Although the foundation of the Corporation's business is the provision of medical cannabis to high value patients, the business model is not solely reliant on licensed production, as is the case with existing licensed producers in Canada, as the Corporation intends to provide a variety of services outside of strictly the provision of medical cannabis.

If the Corporation successfully obtains a License, the Corporation will engage in the cultivation and sale of medical cannabis. Until such time that the Corporation receives a License from Health Canada it will not be able to cultivate or sell medical cannabis.

See Item 25.2 – *Financial Statements of MFT and TLP*.

4.1.3 Competitive Conditions and Position

See Item 17 – Risk Factors – Risks Related to the Medical Cannabis Industry – Competition.

4.1.4 Lending and Investment Policies and Restrictions

The Corporation has recently offered Convertible Debentures as part of its recent Offering; see Item 3.1 – *General Development of the Business*. This section is otherwise not applicable to the Corporation.

4.1.5 Bankruptcy and Receivership

The Corporation has not been the subject of any bankruptcy or any receivership or similar proceedings against the Corporation or its subsidiary or any voluntary bankruptcy, receivership or similar proceedings by the Corporation or its subsidiary, within the three most recently completed financial years or the current financial year.

4.1.6 Material Restructuring

Except for the Acquisition, the Corporation has not been subject to any material restructuring transaction within the three most recently completed financial years nor is the Corporation proposing any material restructuring transaction for the current financial year.

4.1.7 Social and Environmental Policies

The Corporation does not currently have any social and environmental policies in place.

4.2 Asset Backed Securities

The Corporation does not have any asset backed securities.

4.3 Companies with Mineral Projects

The Corporation does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Corporation does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

Resulting Issuer Pro Forma Financial Information

The following table sets out certain financial information as at April 30, 2016 after giving effect to the Acquisition and the Offering as if it had been completed on that date. Such information is derived from and should be read in conjunction with the pro forma financial statements and the notes thereto attached hereto as Schedule A – *Pro Forma Financial Statements*.

	Abba - As at April 30, 2016 (Unaudited) ($)	**MFT - As at July 31, 2016 (Unaudited) ($)**	**TLP - As at June 30, 2016 (Unaudited) ($)**	**Pro Forma Adjustments (Unaudited) ($)**	**Corporation- Pro Forma (Unaudited) ($)**
Current Assets	141,573	1,408,416	365,746	5,211,919	7,127,654
Loans Receivable	Nil	30,000	Nil	Nil	30,000
Fixed Assets	1,815,171	299,163	23,354	Nil	2,137,688
Goodwill	Nil	Nil	Nil	6,460,038	6,460,038
Total Assets	**1,956,744**	**1,737,579**	**389,100**	**11,671,957**	**15,755,380**
Current Liabilities	3,178,335	1,373,290	237,619	(286,817)	4,502,427
Deferred Lease Inducement	12,178	Nil	Nil	Nil	12,178
Long Term Liabilities	Nil	35,137	21,786	Nil	56,923
Convertible Debentures	Nil	Nil	Nil	590,928	590,928
Purchase Price Payable	Nil	Nil	Nil	4,000,000	4,000,000
Deferred Income Tax Liability	326	17,521	Nil	95,070	112,917
Total Liabilities	**3,190,839**	**1,425,948**	**259,405**	**4,399,181**	**9,275,373**
Shareholders' Equity (Deficit)	**(1,234,095)**	**311,631**	**129,695**	**7,272,776**	**6,480,007**

The Corporation Annual Information

The following table sets forth selected financial information for the Corporation for the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014 and selected statement of financial position data as at April 30, 2016, January 31, 2016 and October 31, 2015. Such information is derived from the financial statements of the Corporation and should be read in conjunction with such financial statements. See Schedule B – *Financial Statements of the Corporation* and are available on SEDAR.

	Nine Months Ended April 30, 2016 (unaudited)	Six Months Ended January 31, 2016 (unaudited)	Three Months Ended October 31, 2015 (unaudited)	Year Ended July 31, 2015 (audited)	Year Ended July 31, 2014[(1)] (audited)
Revenue	Nil	Nil	Nil	Nil	Nil
Total Expenses	1,182,177	776,124	473,905	8,881,752	254,776
Net loss and total comprehensive loss for the period	1,182,177	776,124	473,905	8,875,420	254,776
Basic and diluted loss per common share	(0.02)	(0.01)	(0.01)	(0.16)	(0.02)
Cash and short-term investments	8,569	88,211	185,446	6,314	213,962
Total assets	1,956,744	2,086,143	2,297,075	2,059,589	944,210
Total long-term liabilities	12,504	13,646	14,788	15,929	11,670
Cash dividends per common share	Nil	Nil	Nil	Nil	Nil

Notes:

(1) For the period from August 21, 2013 (date of incorporation) to July 31, 2014.

5.2 Consolidated Financial Information – Quarterly Information

The results for each of the eight most recently completed quarters ending at the end of the most recently competed fiscal year, namely July 31, 2015, are summarized below:

	Fiscal 2015			
	Q4	Q3	Q2	Q1
Revenue.....................................	Nil	Nil	Nil	Nil
Net Income (loss)	(1,607,955)	(6,441,133)	(331,209)	(495,123)
Basic and diluted income (loss) per common share	(0.03)	(0.11)	(0.01)	(0.01)

	Fiscal 2014			
	Q4	Q3	Q2	Q1
Revenue.....................................	Nil	Nil	Nil	Nil
Net Income (loss)	(121,324)	(122,649)	(887)	(9,916)
Basic and diluted income (loss) per common share	(0.35)	(0.35)	--	(0.04)

5.3 Dividends

The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, the financial condition of the Corporation and other factors which the Corporation's Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future, if at all.

5.4 Foreign GAAP

This item does not apply to the Corporation.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's annual MD&A for the year ended July 31, 2015 and the period form August 21, 2013 to July 31, 2014 as well as the interim MD&A for the periods ended April 30, 2016, January 31, 2016 and October 31, 2015 are attached to this Listing Statement as Schedule C – *MD&A of the Corporation*. MFT's MD&A for the year ended April 30, 2016 and April 30, 2015 as well as the interim MD&A for the period ended July 31, 2016 are attached hereto as Schedule D – *MD&A of MFT*. TLP's MD&A for the year ended June 30, 2016 and period from March 25, 2015 to December 31, 2015 are attached hereto as Schedule E – *MD&A of TLP*.

7. MARKET FOR SECURITIES

The Corporation's Common Shares are listed on the CSE under the symbol "ABA". The Acquisition constitutes a "fundamental change" within the meaning of CSE policies, and therefore, the Common Shares of the Corporation have been halted from trading since June 28, 2016 and are expected to remain halted until the CSE issues its final approval for the Acquisition and related transactions. The common shares of MFT and TLP are not listed for trading on any exchange or market. The Common Shares of the Corporation are expected to resume trading under the new symbol “CHV” on or about November 9, 2016.

8. CONSOLIDATED CAPITALIZATION

The outstanding capital of the Corporation after giving effect to the Offering, Acquisition, Consolidation, and Share Cancellation consists of:

(a) 116,384,067 Common Shares;

(b) 100,000 Options;

(c) 40,267,816 Warrants;

(d) $1,275,000 principal of Convertible Debentures; and

(e) Compensation Options exercisable into 2,410,100 Common Shares and 2,410,100 Warrants.

A detailed breakdown of the capital structure of the Corporation is provided in Item 14 – *Capitalization*.

9. OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted a share option plan (the "**Share Option Plan**") in order to encourage the achievement of the Corporation's growth objectives. Pursuant to the Share Option Plan, the directors of the Corporation may, from time to time, in their discretion, and in accordance with the requirements of securities regulators, grant non-transferable Options to the directors, executive officers, employees and consultants of the Corporation, provided that the aggregate number of Common Shares reserved for issue shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of the grant (on a non-diluted basis). In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding Common Shares. Options

pursuant to the Share Option Plan are granted at the discretion of the Corporation's Board of Directors and vest at schedules determined by the Corporation's Board of Directors, which shall not exceed five years from the date of grant. The exercise price of the Options granted under the Share Option Plan shall be fixed by the Board of Directors at the time of grant. In no event shall the price be less than the greater of the closing price per Common Share on the exchange on: (a) the last trading day preceding the date of grant; and (b) the date of grant. As at the date of this Listing Statement, 100,000 Common Shares are reserved for issuance pursuant to the Share Option Plan.

After giving effect to the Consolidation, each Option will entitle the holder to acquire one Common Share at $0.69 per share until June 5, 2020.

Subject to applicable regulatory approvals, the Corporation intends to grant Options to certain employees, consultants, directors and officers following closing of the Acquisition. The terms of the Options will be disclosed once determined by the Corporation's Board of Directors.

10. DESCRIPTION OF THE SECURITIES

10.1 <u>Description of the Corporation's Securities</u>

The Corporation is authorized to issue an unlimited number of Common Shares without par value. See Item 14 – *Capitalization*, for a breakdown of share capital.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions, no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital attached to the Common Shares.

10.2 <u>Debt Securities</u>

The Offering

After giving effect to the Offering, there will be 1,275 Convertible Debentures issued and outstanding, each having a $1,000 principal amount with an 8.5% interest rate and maturity of 48 months from the date of issuance. Each Convertible Debenture has a conversion right, at the holder's option, to be converted into fully-paid Common Shares at any time prior to the Maturity Date at a conversion price of $0.40 per Common Share, being a ratio of 2,500 Common Shares per $1,000 principal amount of Convertible Debentures.

The trustee under the Convertible Debenture indenture is Computershare Trust Company of Canada.

Unsecured Notes

The Corporation has three issued and outstanding unsecured promissory notes in the amount of $200,000, $160,000 and $90,000, each bearing an interest rate of 2.5% per annum. Each promissory note is due and payable on the earlier of: (i) upon demand by the lender at any time after the Corporation closes its next round of private placement equity financing; and (ii) the date which is sixty days following the date of the promissory note.

The Corporation has three issued and outstanding convertible unsecured promissory notes in the amount of $250,000, $25,000 and $25,000, each bearing an interest rate of 2% per month, and each due and

payable on August 4, 2015. The holders of the convertible promissory notes have the unrestricted right, at the holder's option, to convert, in whole or in part, the unpaid principal balance, together with all accrued and unpaid interest into Common Shares. The right to convert may be exercised by the holder at any time up to and including the maturity date of the convertible promissory note. The number of Common Shares into which the convertible promissory notes may or will be converted shall be determined by dividing the unpaid principal balance, together with all accrued and unpaid interest thereon, by the conversion price of $0.45 per Common Share.

10.3 Other Securities

For a detailed breakdown of Options and Warrants, see Item 14 – *Capitalization*.

10.4 Miscellaneous Securities Provisions

None of the matters set out in section 10.4 of CSE Form 2A are applicable to the Corporation.

10.5 Miscellaneous Securities Provisions

None of the matters set out in section 10.5 of CSE Form 2A are applicable to the Corporation.

10.6 Prior Sales

Date Issued	Number of Securities	Issue Price per Security ($)	Aggregate Issue Price/Value Received ($)	Nature of Consideration
November 25, 2015	3,000,000 Common Shares	$0.10	300,000.00	Cash
September 2, 2016	19,001,000 Equity Unit Subscription Receipts	$0.25	$4,750,250.00	Cash (in escrow)
September 2, 2016	1,275 Debenture Unit Subscription Receipts	$1,000.00	$1,275,000.00	Cash (in escrow)
September 8, 2016	400,000 Common Shares	$0.23	$92,000.00	Consultant services
September 30, 2016	1,000,000 units(1)	$0.18	$180,000.00	Consultant services
September 30, 2016	1,000,000 units(1)	$0.18	$180,000.00	Consultant services

Notes:

(1) Each unit consists of one Common Share and one Warrant that is exercisable at a price of $0.25 for a period of 2 years following the date of issuance.

10.7 Stock Exchange Price

The following table sets forth the reported high and low prices (including intra-day prices) and the total volume of trading of the Common Shares on the CSE for the periods indicated below.

2015	High ($)	Low ($)	Volume (#)
June	0.50	0.38	254,845
July	0.40	0.34	174,201
August	0.34	0.05	251,328
September	0.145	0.065	83,049
October	0.205	0.10	111,460
November	0.18	0.11	167,300
December	0.35	0.10	326,470

2016	High ($)	Low ($)	Volume (#)
January	0.33	0.19	270,730
February	0.26	0.19	292,912
March	0.24	0.20	138,954
April	0.22	0.18	461,293
May	0.22	0.125	246,474
June 1 to 29	0.32	0.18	640,330

The Common Shares are listed and posted for trading on the CSE under the symbol "ABA". The Acquisition constitutes a "fundamental change" under CSE Policy 8 and therefore, the Common Shares of the Corporation have been halted from trading and are expected to remain halted until the CSE has issued its final approval for the Acquisition and related transactions.

11. ESCROWED SECURITIES

As required under the policies of the CSE, principals of the Corporation will enter into an escrow agreement as if the Corporation was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (the "**Policy**"). The form of the escrow agreement must be as provided in the Policy.

Pursuant to the Acquisition Agreement, 49,665,364 Common Shares, on a post-Consolidation basis, are issuable to MFT Shareholders and 14,607,460 Common Shares, on a post-Consolidation basis, are issuable to TLP Shareholders (together with MFT Shareholders, the "**Target Shareholders**"), which can be seen in Item 14 – *Capitalization*. Pursuant to the Acquisition Agreement, it was agreed that a significant portion of consideration (the "**Consideration Shares**") would be held in escrow for a 3 year period, subject to an accelerated release in fulfilment of certain performance targets (the "**Contractual Escrow**"). The contractual escrow is as follows:

(a) 20% of the Consideration Shares shall be delivered to the Target Shareholders on the closing of the Acquisition (the "**Acquisition Closing Date**");

(b) subject to MFT and TLP, on a continued basis (the "**Clinical Wellness Division**") achieving the applicable EBITDA Target, 20% of the Consideration Shares shall be released from Escrow and delivered to the Target Shareholders on the 6 month anniversary of the Acquisition Closing Date;

(c) subject to the Clinical Wellness Division achieving the applicable EBITDA Target, 20% of the Consideration Shares shall be released from Escrow and delivered to the Target Shareholders on the 12 month anniversary of the Acquisition Closing Date;

(d) subject to the Clinical Wellness Division achieving the applicable EBITDA Target, 20% of the Consideration Shares shall be released from Escrow and delivered to the Target Shareholders on the 18 month anniversary of the Acquisition Closing Date; and

(e) subject to the Clinical Wellness Division achieving the applicable EBITDA Target, 20% of the Consideration Shares shall be released from Escrow and delivered to the Target Shareholders on the 24 month anniversary of the Acquisition Closing Date;

In the event that the Clinical Wellness Division does not achieve the applicable EBITDA Target by the applicable anniversary date of the Acquisition Closing Date, then such portion of the Consideration Shares shall remain in Escrow until the 3rd anniversary of the Acquisition Closing Date at which time they shall be released and delivered to the Target Shareholders.

In addition to the Contractual Escrow, the release of the Consideration Shares is subject to, and the statutory escrow release schedule set out therein (the "**Statutory Escrow**"). Those Consideration Shares which are eligible for release under the Contractual Escrow mechanisms will continue to be subject to the Statutory Escrow, and released in strict compliance with the Policy. Escrowed Securities will be released on scheduled periods specified in the Policy for emerging issuers, that is, 10% will be released upon listing followed by six subsequent releases of 15% each every six months thereafter. As a result, while certain portions of the Consideration Shares may be eligible for release pursuant to the Contractual Escrow, they will remain in escrow until allowed to be released under the Statutory Escrow.

The table below sets out the applicable release percentages and periods under the requirements of the Contractual and Statutory Escrow:

Date	Statutory Escrow	Contractual Escrow
On the date the Corporation's securities are listed on the CSE	10% of the Consideration Shares	20% of the Consideration Shares
6 months after the Listing Date..	15% of the Consideration Shares	20% of the Consideration Shares[1]
12 months after the Listing Date..	15% of the Consideration Shares	20% of the Consideration Shares[1]
18 months after the Listing Date..	15% of the Consideration Shares	20% of the Consideration Shares[1]
24 months after the Listing Date..	15% of the Consideration Shares	20% of the Consideration Shares[1]
30 months after the Listing Date..	15% of the Consideration Shares	20% of the Consideration Shares[1]
36 months after the Listing Date..	All remaining Consideration Shares	20% of the Consideration Shares[1]

Notes:

(1) Assuming the satisfaction of the applicable EBITDA target during the period.

The table below includes the details of escrowed securities after giving effect to the Share Cancellation, Acquisition, Offering, and Consolidation:

	After Giving Effect to the Share Cancellation, Acquisition, Offering, and Consolidation	
Name and Municipality of Residence of Security holder	**Number of securities to be held in escrow**	**Percentage of class**
Ahmad Rasouli	8,666,666[1]	7.92%
Former MFT Shareholders[2]	44,698,769[4]	37.91%
Former TLP Shareholders[3]..	13,146,654[4]	11.15%

Notes:

(1) The escrowed Common Shares shall be released as follows: a) 3,000,000 Common Shares 12 months after the Acquisition Closing Date; b) 3,000,000 Common Shares 24 months after the Acquisition Closing Date; c) 2,666,666 the earlier of i) the Corporation obtaining a License or ii) March 13, 2020.

(2) Mike Southwell and Fabian Henry each own 50% of the former MFT shares.

(3) David Shpilt and Scott Fitzgerald each own 50% of the former TLP shares.

(4) Escrow provisions and escrow release is described above.

12. PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

To the knowledge of the directors and officers of the Corporation, after giving effect to the Share Cancellation, the Acquisition, the Offering, and the Consolidation, other than indicated below, there are no Persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

12.2 Shareholders Table

Name and Municipality of Residence of Shareholder	Prior to Giving Effect to the Share Cancellation, Acquisition, Offering, and Consolidation	After Giving Effect to the Share Cancellation, Acquisition, Offering, and Consolidation
Ahmad Rasouli .... Toronto, ON	32,000,000 (47.29%)[1]	9,333,333 (7.92%)[2]
Mike Southwell.. Fredericton, New Brunswick	Nil	24,832,682 (21.06%)[3]
Fabian Henry .... Fredericton, New Brunswick	Nil	24,832,682 (21.06%)[3]

Notes:

(1) Ahmad Rasouli is a principal shareholder prior to the Share Cancellation, Acquisition, Offering and Consolidation, but will no longer meet the threshold to qualify as a principal shareholder following these events.

(2) In connection with the Acquisition and Offering, Ahmad Rasouli has agreed to the cancellation of 18,000,000 of his Common Shares (net), on a pre-Consolidation basis.

(3) Mike Southwell and Fabian Henry do not own any Common Shares in the Corporation currently, however, after giving effect to the Share Cancellation, Acquisition, Offering and Consolidation, will each own 21.06% of the Corporation.

12.3 Voting Trusts

To the knowledge of the Corporation, except as set out below, no voting trust exists such that more than 10 per cent of any class of voting securities of the Corporation are held, or are to be held, subject to any voting trust or other similar agreement.

Ahmed Rasouli controls the voting rights to 12,800,000 Common Shares held by 2418659 Ontario Inc. pursuant to the terms of a voting trust agreement, representing 19.6% of outstanding Common Shares prior to giving effect to the Share Cancellation, Acquisition, Offering and Consolidation. After giving effect the Share Cancellation, Acquisition, Offering and Consolidation, Mr. Rasouli will not control more than 10% of the Common Shares.

The former MFT Shareholders control the voting rights to 13,146,654 Common Shares held by the former TLP Shareholders pursuant to the terms of a voting trust agreement, representing 11.15% of outstanding Common Shares after giving effect to the Share Cancellation, Acquisition, Offering and Consolidation. The former MFT Shareholders may exercise all of the voting rights attached to the Common Shares held by the former TLP Shareholders as of the applicable record dates for all annual and special meetings of the shareholders of Abba held on or before June 30, 2018.

12.4 Associates and Affiliates

To the knowledge of the Corporation, none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1 – 13.5 – Directors and Officers

The following table lists the names, municipalities of residence of the directors and officers of the Corporation, their positions and offices held with the Corporation, and their principal occupations during the past five (5) years and the number of securities of the Corporation are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each, after giving effect to the Share Cancellation, the Acquisition, the Offering and the Consolidation.

Name & Municipality of Residence	Present Occupation and Positions Held During the Last Five Years	Position with the Corporation	Number of Common Shares Beneficially Held	Percentage of Common Shares Beneficially Held
Gerry Goldberg[1] Thornhill, Ontario	Senior Partner at Schwartz Levitsky Feldman LLP	CEO and Director	Nil	Nil
Mike Johnston Toronto, Ontario	Partner at Forbes Anderson	CFO	Nil	Nil
Brad Rogers[1] Pickering, Ontario	Co-Founder of Mettrum and Entrepreneur	Director	Nil	Nil
David Shpilt London, Ontario	Co-Founder of The Longevity Project and Entrepreneur	Director	7,903,697	6.70%
Mike Southwell	Co-Founder of Marijuana	Director	24,872,682	21.09%

Name & Municipality of Residence	Present Occupation and Positions Held During the Last Five Years	Position with the Corporation	Number of Common Shares Beneficially Held	Percentage of Common Shares Beneficially Held
Fredericton, New Brunswick	for Trauma			
Edwin Corey[2] Fredericton, New Brunswick	Strategic Advisor to Marijuana for Trauma	Director	Nil	Nil
Nicole Ferris Fredericton, New Brunswick	General Manager for Marijuana for Trauma	Director	Nil	Nil

Notes:

(1) Member of audit committee.

(2) Expected to be appointed to audit committee following closing of the Acquisition.

Prior to the completion of the Acquisition, Richard Vallée, Brad Rogers and Gerry Goldberg comprised the audit committee of the Corporation. Following the closing of the Acquisition, it is anticipated the Corporation's Board of Directors will appoint Edwin Corey to the audit committee at the Corporation's first duly constituted meeting of directors following the Acquisition in place of Richard Vallée.

13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No director of the Corporation:

(a) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director, chief executive officer or chief financial officer that:

(i) while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(ii) was 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 30 consecutive days issued after the that person issued after the director, chief executive officer or chief financial officer ceased to be a director or executive officer and which resulted from an event that occurred while the person was acting in such capacity;

(b) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director or executive officer of any company (including the Corporation and any personal holding company of such director or executive officer) that, while that person was acting in that capacity, or 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; or

(c) nor any personal holding company has, within 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person or their personal holding company.

No director of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

13.10 Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under CBCA.

13.11 Management

Brief descriptions of the biographies for all the officers and directors of the Corporation are set out below:

Gerry Goldberg, Age 73 – CEO and Director

Gerry Goldberg is a Chartered Professional Accountant and is a senior partner in the accounting firm of Schwartz Levitsky Feldman LLP ("**SLF**"), in Toronto, which has been ranked among the largest public accounting firms in Canada. Gerry Goldberg was also a partner in Grant Thornton and its predecessor firm for over 15 years.

Gerry Goldberg has over 30 years of experience and heads the US Public Company audit division of the firm and has industry expertise in the service, distribution, retail, mining, natural resources and oil & gas, real estate, "not-for-profit" entities and manufacturing industries with a strong emphasis in taxation and business advisory services. He is also active in corporate finance and development and was involved in the structure and design of numerous innovative financing instruments, tax shelters and syndications, both in Canada and the US. He is actively involved with the audit of various public Canadian, US, Chinese and other foreign companies listed in the US and Canada. He is or was an independent Director, Chairman and member of the audit committee, both of numerous public companies, non-profit, educational and other institutions, organizations and companies.

Mike Johnston, Age 35 – CFO

Mr. Johnston is a graduate of the University of Western Ontario, a partner at Forbes Andersen LLP, Chartered Professional Accountants, located in downtown Toronto, and has over 10 years of experience with both private and public companies.

Brad Rogers, Age 46 – Director

Brad Rogers brings tremendous experience in the Canadian medical cannabis industry to the board of directors, having co-founded Mettrum Ltd., one of the largest MMPR Licensed Producers in the country. From its inception, Mr. Rogers acted as the Chief Operating Officer, bringing the company from its MMPR application stage, through to a going public transaction on the TSX Venture Exchange. Mr. Rogers was also an integral part of the multiple financings completed by Mettrum.

David Shpilt, Age 37 – Director

Mr. Shpilt is a highly sought after expert in the medical cannabis industry in Canada, having founded, Medical Marijuana Group ("**MMG**") (www.medicalmarijuanagroup.ca), an expert legal and medical consulting services firm. MMG provides rehab professionals, litigators and third party insurance companies a suite of products and services for Cannabinoid Therapy solution for their respective patient populations.

Mr. Shpilt also serves as CEO and Director of Patient Services for one of the industry's most successful cannabis therapy educational platforms and provider of patient services, Plants Not Pills (www.plantsnotpills.ca).

Mr. Shpilt is also a retired Board Certified Pedorthist and a Manual Osteopathic Practitioner where he first began to work in a clinical setting. Servicing tens of thousands of patients David leveraged into building his first clinic in London, Ontario. Subsequently David has owned and operated companies supplying durable medical equipment, orthopedic appliances and devices to both the public and private sectors under contracts and on the open market. He successfully started 14 clinics across Ontario over 9 years, all of which remain highly viable to this date.

Fabian Henry, Age 37 – President and Founder of MFT

Fabian left home at 18 and joined the army in March 2000 at 20 years of age. Deployed to Africa 2001, Haiti 2004, Pakistan 2005, Afghanistan 2006, Afghanistan 2007, Haiti 2010. Fabian was diagnosed with PTSD in 2012 and medically released Canadian Armed Forces as a Sergeant in the Combat Engineer.

Fabian founded Marijuana For Trauma Inc. in September 2013. MFT currently operates 12 locations in 7 provinces. Fabian has also founded the not-for-profit “Veterans For Healing” which is building a holistic retreat for veterans on the Cabot Trail in Cape Breton.

Mike Southwell, Age 39 –Director

Mike Southwell, part-owner of MFT served as the Co-Founder and Vice President of MFT since 2013 and is also a director for Veterans for Healing, a not for profit organization dedicated to helping veterans in need of physical as well as emotional recovery.

Mike excels in leadership and effectively managing people, resources, and time; skills developed during his time serving in the Canadian Forces. Mike served as a Combat Engineer up until 2003 and then moved into the construction engineering field from 2003 to 2015 in which he provided military operations support in the form of project management, contract management, and also environmental and construction engineering.

Edwin Corey, Age 51 –Director

Edwin Corey is the owner of a full service accounting firm which serves businesses of all sizes. He brings to the table over 25 years of expertise and experience in diverse markets with a focus on Chief Financial Officer (CFO) activities. Known as an innovative thinker with the ability to lead through projects, he has served many clients in the capacity of CFO business consulting, organizational restructuring and management as well as tactical market planning. Continuing education is a life-long skill that Edwin practices. He is a member in good standing of TEC Key Executive and takes full advantage of their networking and education initiatives.

Nicole Ferris, Age 39 – Director

Nicole has achieved technical certifications in numerous IT related areas including Cisco certification in design, voice and networking as well as IOS Networks. Nicole has held major roles in business with growing companies, including Skillsoft and Xerox. She is currently the Chief Operations Officer of MFT, helping this company to expand nationally while keeping the focus on the core business ideals of Veterans helping Veterans.

14. CAPITALIZATION

14.1 Fully Diluted Share Capital

The following table sets out the diluted share capital of the Corporation after giving effect to the Offering, Acquisition and Consolidation:

	After Giving Effect to the Acquisition and Consolidation	
Designation of Security	**Number of Securities**	**Percentage of Securities**
Shares issued and outstanding as at the date of the Listing Statement	67,665,364	
Warrants issued and outstanding as at the date of the Listing Statement	5,487,723	
Options issued and outstanding as at the date of the Listing Statement	150,000	
Shares cancelled by Ahmad Rasouli	(18,000,000)	
Subtotal	**55,303,087**	
Shares reserved for issuance to MFT Shareholders pursuant to the Acquisition Agreement	74,497,948	
Shares reserved for issuance to TLP Shareholders pursuant to the Acquisition Agreement	21,911,090	
Shares issued and outstanding on post-Consolidation of shares on a 1.5:1 basis	**101,141,417**	60.58%
Shares reserved for issuance pursuant to the Equity Unit Subscription Receipt:		
Common shares	19,001,000	11.38%
Common share purchase warrants	19,001,000	11.38%
Shares reserved for issuance pursuant to the Debenture Unit Subscription Receipt:		
Convertible Debentures	3,187,500	1.91%
Detachable common share purchase warrants	1,275,000	0.76%
Agent Options per Equity Unit Subscription Receipt	2,410,100	1.44%
Agent Options per Debenture Unit Subscription Receipt	2,410,100	1.44%

Designation of Security	After Giving Effect to the Acquisition and Consolidation	
	Number of Securities	Percentage of Securities
Warrants issued to directors and consultants	16,333,334	9.78%
Unsecured Convertible Promissory Notes	2,194,445	1.31%
Total Number of Diluted Securities	**166,954,028**	**100%**

Issued Capital	Number of Securities (non- diluted)	Number of Securities (fully- diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding **(A)**	116,384,067	166,954,028	100%	100%
Held by Related Persons or employees of the Corporation or Related Person of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% 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) **(B)**	76,618,575	92,258,575	65.83%	55.26%
Total Public Float **(A-B)**	39,765,492	74,695,453	34.17%	44.74%
Freely-Tradeable Float				
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 **(C)**	94,312,908[1]	117,776,408[1]	81.04%	70.54%
Total Tradeable Float **(A-C)**	22,071,159	49,177,620	18.96%	29.46%

Notes:

(1) These figures include the 19,001,000 Common Shares subject to a four month statutory hold period issued in connection with the Offering.

Public Securityholders (Registered)[(1)]

Class of Security		
Size of Holding	Number of holders	Total number of securities
1 – 99 securities	34	1,851
100 – 499 securities	49	6,610
500 – 999 securities	6	4,659
1,000 – 1,999 securities	58	58,925
2,000 – 2,999 securities	3	7,250
3,000 – 3,999 securities	0	0

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
4,000 – 4,999 securities	0	0
5,000 or more securities	49	67,586,069
Total:	**199**	**67,665,364**

Notes:

(1) Prior to giving effect to the Share Cancelation, Offering, or Consolidation.

Public Securityholders (Beneficial) [(1)]

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	34	2,025
100 – 499 securities	64	12,914
500 – 999 securities	27	15,804
1,000 – 1,999 securities	29	33,756
2,000 – 2,999 securities	20	43,776
3,000 – 3,999 securities	7	21,000
4,000 – 4,999 securities	12	51,000
5,000 or more securities	192	26,135,275
Total:	**385**	**26,315,550**

Notes:

(1) Prior to giving effect to the Share Cancelation, Offering, or Consolidation.

Non-Public Securityholders (Registered)

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		
Unable to confirm	Unable to confirm	Unable to confirm

14.2 Convertible / Exchangeable Securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Stock Options	100,000	100,000
Warrants	4,991,816	4,991,816
Warrants issued to directors and consultants	15,000,000	15,000,000
Securities from the Offering:		
Warrants	20,276,000	20,276,000
Convertible Debentures	1,275	3,187,500
Agent Options	4,820,200	4,820,200

14.3 Other Listed Securities

The Corporation has no other listed securities reserved for issuance that are not included in section 14.1 or 14.2.

15. EXECUTIVE COMPENSATION

The following table sets out information concerning the compensation earned from the Corporation and any of the Corporation's subsidiaries during the financial years ended July 31, 2016, July 31, 2015 and March 31, 2014 by the Corporation's Chief Executive Officer, Chief Financial Officer and the other most-highly compensated executive officer of the Corporation other than the Chief Executive Officer and the Chief Financial Officer.

					Non-equity Incentive Plan Compensation				
Abba NEO Name and Principal Position	Financial Period	Salary ($)	Share-based Awards ($)	Option-based Awards ($)	Annual Incentive Plans	Long-term Incentive Plans	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
Gerald Goldberg Interim CEO [1]	2016	Nil	Nil	Nil	Nil	Nil	Nil	45,000[2]	45,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ahmad Rasouli Former CEO[3]	2016	Nil	Nil	Nil	Nil	Nil	Nil	64,000[4]	64,000
	2015	Nil	Nil	22,656	Nil	Nil	Nil	187,583[5]	210,239
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Georges Durst Former CEO[3]	2016	Nil	Nil	Nil	Nil	Nil	Nil	2,250[6]	2,250
	2015	Nil	Nil	22,656	Nil	Nil	Nil	1,750[7]	24,406
	2014	Nil	Nil	Nil	Nil	Nil	Nil	5,197[8]	5,197
	2013	Nil	Nil	Nil	Nil	Nil	Nil	85,735[9]	85,735
Mike Johnston CFO[10]	2016	Nil	Nil	Nil	Nil	Nil	Nil	77,000[11]	77,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Richard Vallée	2016	Nil	Nil	Nil	Nil	Nil	Nil	16,110[12]	16,110

Former CFO[10]	2015	Nil	Nil	22,656	Nil	Nil	Nil	63,190[13]	85,846
	2014	Nil	Nil	Nil	Nil	Nil	Nil	29,000[14]	29,000
	2013	Nil	Nil	Nil	Nil	Nil	Nil	130,969[15]	130,969

Notes:

(1) Mr. Rasouli resigned as CEO of the Corporation on April 15, 2016 and Mr. Goldberg was appointed as Interim CEO on April 15, 2016.

(2) Of this amount, Mr. Goldberg received compensation in the form of professional fees for the management services provided to the Corporation in the amount of $43,750 and $1,250 as compensation for Mr. Goldberg in his capacity as a director of the Corporation.

(3) Mr. Durst resigned as CEO of the Corporation on May 4, 2015 and Mr. Rasouli was appointed as CEO on May 4, 2015.

(4) Of this amount, Mr. Rasouli received compensation in the form of professional fees for management services provided to the Corporation in the amount of $ 62,500 and $ 1,500 as compensation to Mr. Rasouli in his capacity as a director of the Corporation.

(5) Of this amount, Mr. Rasouli received compensation in the form of professional fees for consulting services provided to the Corporation in the amount of $ 185,833 and $ 1,750 as compensation to Mr. Rasouli in his capacity as a director of the Corporation.

(6) This amount represents fees received in Mr. Durst's capacity as a director of the Corporation.

(7) This amount represents fees received in Mr. Durst's capacity as a director of the Corporation.

(8) Of this amount, $1,500 represents fees received in Mr. Durst's capacity as a director of the Corporation and $3,697 represents a car allowance.

(9) Of this amount, Mr. Durst received compensation in the form of professional fees for consulting services provided to the Corporation in the amount of $76,200 and $9,535 represents a car allowance.

(10) Mr. Vallée resigned as CFO of the Corporation on November 30, 2015 and Mr. Johnston was appointed as CFO on November 30, 2015.

(11) Of this amount, Mr. Johnston received compensation in the form of professional fees for accounting services provided to the Corporation in the amount of $ 61,000 and $ 16,000 for consulting services.

(12) Of this amount, Mr. Vallée received compensation in the form of professional fees for consulting services provided to the Corporation in the amount of $13,860 and $2,250 as compensation to Mr. Vallée in his capacity as a director of the Corporation.

(13) Of this amount, Mr. Vallée received compensation in the form of professional fees for consulting services provided to the Corporation in the amount of $62,960 and $500 as compensation to Mr. Vallée in his capacity as a director of the Corporation.

(14) Of this amount, Mr. Vallée received compensation in the form of professional fees for consulting services provided to the Corporation in the amount of $35,512, $1,500 represents fees received in Mr. Vallée's capacity as a director of the Corporation and $9,753 represents a car allowance.

(15) Mr. Vallée received compensation in the form of professional fees for consulting services provided to the Corporation.

Pension Plan Benefits

The Corporation does not have any pension plans or deferred compensation plans.

Termination and Change of Control Benefits

The Corporation does not have any compensatory plan or arrangement in respect of compensation received or that may be received by any of the Named Executive Officers to compensate them in the event of the termination of their employment by way of resignation, retirement or change of control or in the event of a change in their responsibilities following a change of control of the Corporation. The Corporation expects to enter into employment agreements with members of senior management following closing.

Director Compensation

Overview

The Board of Directors is responsible for developing and implementing the directors' compensation plan. The main objectives of the directors' compensation plan are (a) to attract and retain the services of the most qualified individuals, (b) to compensate the directors in a manner

that is commensurate with the risks and responsibilities assumed in board and board committee membership, and is competitive with other comparable public issuers, and (c) to align the interests of the directors with those of the long-term Shareholders.

The Board of Directors has adopted a policy of remunerating its members through the payment of a fee of $500 for each meeting of (a) the Board of Directors attended; and (b) a committee of the Board of Directors attended.

Following the completion of the Acquisition, the Corporation's Board of Directors, or a committee thereof, will re-evaluate directors' compensation in the context of the industry and prevailing market conditions.

Director Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted for the financial year ended July 31, 2015 and for the period ended April 30, 2016 to each of the directors of the Corporation, other than Gerald Goldberg, Ahmad Rasouli, Georges A. Durst, Ritchard Vallée, and Mike Johnston each of whom is a Named Executive Officer and whose compensation is disclosed above.

Name	Fees earned ($)[1]	All other compensation ($)[2]	Total compensation ($)
Nick Miglore	750	Nil	750
Paul Andersen	1,500	Nil	1,500
Michael Boucher	1,250	Nil	1,250
Paul Cancilla	1,000	Nil	1,000
Dennis Dos Santos	500	Nil	500
Brad Rogers	500	Nil	500
David Shpilt	500	Nil	500

Notes:

(1) This amount represents fees received in capacity as a director of the Corporation.

(2) This amount represents the fair value of stock options granted to each director during the July 31, 2016 fiscal year.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At any time since the beginning of the most recently completed financial year of the Corporation, MFT or TLP, no director, executive officer or other senior officer of the Corporation, MFT or TLP or person who acted in such capacity in the last financial year of the Corporation, MFT or TLP, or proposed director or officer of the Corporation or any Associate of any such director or officer is, or has been, indebted to the Corporation, MFT or TLP nor has any such persons indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, MFT or TLP or a subsidiary thereof.

17. RISK FACTORS

Risks Related to the Acquisition

Acquisitions Generally

While the Corporation conducted substantial due diligence in connection with the Acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of MFT or TLP for which the Corporation is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Corporation's financial performance and results of operations. The Corporation could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Acquisition. All of these factors could cause a delay the anticipated accretive effect of the Acquisition and cause a decrease in the market price of the Common Shares.

Failure to Realize Benefits of Acquisitions

The Corporation may not realize the anticipated benefits of the Acquisition, or may not realize them in the time frame expected. The Corporation cannot provide assurance that it will be able to grow or even sustain the cash flow generated by the Acquisition. Difficulties encountered as a result of the Acquisition may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within MFT and/or TLP.

Dilution

Following completion of the Acquisition, the Corporation may issue equity securities to finance its activities, including future acquisitions. If the Corporation was to issue Common Shares, existing holders of such Common Shares may experience dilution in their holdings. Moreover, when the Corporation's intention to issue additional equity securities becomes publicly known, the Corporation's share price, as the case may be adversely affected.

Risks Related to the Operations of the Corporation

Regulatory Risks

Some of the proposed activities of the Corporation will be subject to regulation by governmental authorities, including, but not limited to, Health Canada's Office of Controlled Substances. The Corporation's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Corporation cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Furthermore, although the operations of the Corporation are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Corporation's ability to produce or sell medical cannabis. Amendments to current laws and regulations

governing the importation, distribution, transportation and/or production of medical cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

Governmental Regulations and Risks

In the event that Abba obtains the License for the production of medical cannabis as currently proposed, its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Business Risks associated with running Healthcare Facilities

The Corporation is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in counselor and patient preference of care, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar facilities, the imposition of increased taxes or new taxes, and capital expenditure requirements.

Professional liability claims

As a healthcare provider, the Corporation is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical counseling staff. In addition, the Corporation has vicarious liability for the negligence of its credentialed medical staff under circumstances, where it either knew or should have known of a problem leading to a patient injury. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.

Abba is Not a Licensed Producer Under the ACMPR

Abba has applied to Health Canada to obtain a License under the MMPR/ACMPR that will enable Abba to cultivate, store and sell medical cannabis to patients across Canada. Abba has not yet received a License and as such is not a Licensed Producer. However, Abba is currently in the review stage (see Licensing Requirements under the ACMPR) of the licensing process. Abba' ability to cultivate, store and sell medical cannabis in Canada is dependent on obtaining a License from Health Canada and there can be no assurance that Abba will obtain such a License.

Abba has completed the following steps to date:

(a) Abba has advanced to the review stage (see Licensing Requirements under the ACMPR) of the licensing process;

(b) Abba personnel have passed through the security clearance stage of the licensing process; and

(c) Abba is in the process of completing the build out of its proposed Facility.

Even if Abba is successful in obtaining a License, such License will subject Abba to stringent ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the Corporation. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba will be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and any such renewal cannot be assured.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the Act, the ACMPR, the Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	Security Clearance: Once the screening of an application is complete, the security clearance forms for key

Stage	Overview
	personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 **Abba's current stage of the licensing process**	Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	Pre-License Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
Stage 6	Licensing: Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) to ensure that the dried marihuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Subdivision D of the ACMPR will a license be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the FDA, and determining the percentage by weight of the two active ingredients of cannabis, delta-9-Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

As of the date of this Listing Statement, the Facility is being completed. The Facility will require an inspection by Health Canada prior the granting of a License. Any adverse changes or developments affecting construction of the Facility and commencement of production could have a material and adverse effect on the Corporation's business, financial condition and prospects. There is a risk that these changes or developments could cause the Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;

(b) plant design errors;

(c) environmental pollution;

(d) non-performance by third party contractors;

(e) increases in materials or labour costs;

(f) construction performance falling below expected levels of output or efficiency;

(g) breakdown, aging or failure of equipment or processes;

(h) contractor or operator errors;

(i) labour disputes, disruptions or declines in productivity;

(j) inability to attract sufficient numbers of qualified workers;

(k) disruption in the supply of energy and utilities; or

(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the final costs of constructing the Facility and commencing production may be significantly greater than anticipated by the Corporation's management, and may be greater than funds available to the Corporation, in which circumstance the Corporation may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Corporation.

Timeframes and Cost to Obtain a License Under the ACMPR

The timeframes and costs required for Abba or any applicant for a License under the ACMPR to build the infrastructure required, to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that historically timeframes have varied widely for applications during the license application process. The current backlog of applications from other potential licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Application processing times are variable and depend on a number of factors, including:

(a) the completeness of the application and the thoroughness of the information provided;

(b) the timeliness of applicant responses to requests for additional information;

(c) the readiness of the applicant to move through the process;

(d) the complexity of the application; and,

(e) whether the application poses any risks, including a risk to public health, safety or security.

The entire application process can take several years to complete.

Limited Operating History

While Abba was incorporated and began carrying on business in 2013, it is yet to generate any revenue. The Corporation is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Volatile Stock Price

The stock price of the Corporation is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Corporation cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Corporation's decisions related to future operations and will likely trigger major changes in the trading price of the Corporation Shares.

Risks Inherent in an Agricultural Business

The Corporation's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing of the Corporation is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Corporation's medical cannabis growing operations will consume considerable energy, which will make the Corporation vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical cannabis is the loss of important staff members. The Corporation is currently in good standing with all high level employees and believes that with well managed practices it will remain in good standing. The success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the

services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Corporation maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Corporation is not generally available on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Corporation Will Be an Entrant Engaging in a New Industry

The medical cannabis industry is fairly new. There can be no assurance that an active and liquid market for Common Shares of the Corporation will develop and Shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Corporation will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Corporation to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Corporation.

Difficulty to Forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and

manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Corporation Shares.

Liquidity

The Corporation cannot predict at what prices the Common Shares will trade upon completion of the Acquisition, and there can be no assurance that an active trading market in the Common Shares will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Common Shares.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Corporation is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Cannabis Industry

Cannabis is Not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Federal Court Case and the Introduction of the ACMPR

The Corporation's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of the Corporation's management, the Corporation is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation may cause adverse effects to The Corporation's operations and the financial condition of The Corporation.

On March 21, 2014 the Federal Court of Canada issued an interim order affecting the repeal of the *Marihuana Medical Access Regulations* (“**MMAR**”) and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals in the *Allard* case. Prior to the trial, the Federal Court of Canada ordered injunctive relief (the “**Injunction**”) in favour of certain individuals licensed to use medical cannabis pursuant to the MMAR. As a result, (i) individuals who held a license to possess cannabis under the MMAR on March 21, 2014 can continue to possess cannabis in accordance with the terms of that license, except that the maximum quantity of dried cannabis authorized for possession shall be the lessor of that which is specified by their license or 150 grams; and (ii) individuals who held a valid license to produce cannabis under the MMAR as of September 30, 2013, or were issued one thereafter may continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the new regulations, the ACMPR.

On June 11, 2015 the Supreme Court of Canada, in a case titled *R v Smith*, held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not in keeping with the principles of fundamental justice. As a result, the Supreme Court of Canada declared Sections 4(1) and 5(2) of the Act, which prohibit the possession and trafficking of nondried forms of cannabis, are of no force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis other than dried cannabis. This ruling means medical cannabis patients authorized to possess and use medical cannabis are not limited to using dried forms of cannabis and may consume cannabis other than dried cannabis for medical purposes. On July 8, 2015 Health Canada issued certain exemptions under the Act, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

The Federal Court’s decision on the *Allard* case was delivered on February 24, 2016. In the decision, the Federal Court declared the MMPR invalid as it unconstitutionally violated patients Charter protected rights to liberty and security. However, the Court suspended the operation of the declaration of invalidity for six months to permit Canada to enact a Charter-compliant regime. The government choose not to appeal the decision to the Federal Court of Appeal. On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's February 2016 decision in *Allard*.

Overall, the ACMPR contain four parts:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried marijuana or cannabis oil or starting materials (i.e., marijuana seeds and plants) in secure and sanitary conditions.

- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.

- Parts 3 and 4 include:

    - Transitional provisions, which mainly relate to the continuation of MMPR activities by Licensed Producers;

- Consequential amendments to other regulations that referenced the MMPR (i.e., Narcotic Control Regulations, New Classes of Practitioners Regulations) to update definitions and broaden the scope of products beyond dried marijuana; and

- Provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016.

As of August 24, 2016, Health Canada commenced accepting applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis for them. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of a Federal Court injunction order.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the former MMPR. Further, all Licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that Licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants can continue to apply for Licenses to produce under the ACMPR.

The risks to the business of the Corporation represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for the Corporation's products and could materially and adversely affect the business, financial condition and results of operations for the Corporation.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Corporation's operations that is materially different than the effect on similar-sized companies in the same business as the Corporation.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Corporation's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Corporation's earnings and could make future capital investments or the Corporation's operations uneconomic.

Legislative or Regulatory Reform

The Corporation's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of the Corporation, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical cannabis industry is a new industry and the Corporation anticipates that such regulations will be subject to change as the Federal Government monitors Licensed Producers.

Competition

On October 19, 2015, the Liberal Party of Canada ("**Party**") obtained a majority government in Canada. The Party has committed to the legalization of recreational cannabis in Canada, though no model for this regulatory change has been publicly disclosed or timeline for implementation put forward. This regulatory change may not be implemented at all. The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Corporation and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Corporation operates.

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Corporation. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Corporation.

The government has only issued to date a limited number of licenses, under the MMPR/ACMPR, to produce and sell medical cannabis. There are, however, several hundred applicants for licenses, including Abba. The number of licenses granted could have an impact on the operations of the Corporation. Because of the early stage of the industry in which the Corporation operates, the Corporation, if ultimately licensed, would expect to face additional competition from new entrants. According to Health Canada there were 36 Licensed Producers as of November 2, 2016. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To be competitive, the Corporation will require a continued level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Unfavourable Publicity or Consumer Perception

Management of the Corporation believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Corporation's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's proposed products, and the business, results of operations, financial condition and cash flows of the Corporation.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Corporation's proposed products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

18. PROMOTERS

18.1 – 18.3 – Promoter Consideration

Neither the Corporation nor MFT or TLP are a party to any written or oral agreement or understanding to provide any promotional or investor relations services for the Corporation other than Marchese Design Inc. and 1369781 Ontario Ltd.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of the management of the Corporation, there are no legal proceedings to which the Corporation is a party, which, if adversely determined would be expected to have a material adverse effect on the Corporation.

19.2 Regulatory Actions

The Corporation is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Corporation entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Corporation's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

For the purpose of this Listing Statement, an "**Informed Person**" of the Corporation means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or corporation that is itself an Informed Person or subsidiary of the Corporation; (c) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the knowledge of the Corporation, except as set forth below, no Informed Person of the Corporation, and no associate or affiliate of any such person, at any time, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction that has materially affected the Corporation, in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at the Meeting.

The Corporation's board of directors (other than a director who is a significant shareholder of TLP and accordingly has abstained from voting) has unanimously determined that the Acquisition is in the best interests of the Corporation and the Shareholders. Mr. David Shpilt is a significant shareholder of TLP. As such, Mr. Shpilt recused himself from all board meetings and discussions of the Corporation in respect of the Acquisition.

The Acquisition requires Shareholder approval, which was obtained by way of written consent from holders of a majority of the issued and outstanding Common Shares.

The Acquisition of TLP is subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among shareholders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

The Corporation intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(1)(a) as its Common Shares are listed on the CSE and not one of the specific markets listed therein and as the fair market value of the consideration to be received by Mr. Shpilt (as the "related party") does not exceed 25% of the Corporation's market capitalization. However, for the purposes of the CSE, any Common Shares held by Mr. Shpilt as of the date hereof were not voted by way of written consent on the Acquisition. To the Corporation's knowledge, prior to giving effect to the Acquisition, Mr. Shpilt did not hold any Common Shares.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditor of the Corporation is Collins Barrow Toronto LLP, at its office located at 11 King Street West – Suite 700, PO Box 27, Toronto, Ontario, M5H 4C7.

21.2 21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Corporation is Computershare Investor Services Inc., at its Toronto office located at 100 University Ave, 8th Floor, Toronto, Ontario, M5J 2Y1.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, the Corporation, MFT and TLP have entered into the following material contracts, other than contracts entered into in the ordinary course of business:

(a) the Acquisition Agreement (see Item 3.1 – *General Development of the Business*);

(b) the agency agreement in connection with the Offering;

(c) the escrow agreement of the MFT and TLP shareholders;

(d) the amendment to the escrow agreement of Ahmad Rasouli;

(e) the subscription receipt agreement governing the Subscription Receipts;

(f) the debenture indenture; and

(g) the warrant indenture.

22.2 Special Agreements

This section is not applicable to the Corporation.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the corporation or of an Associate or Affiliate of the corporation and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the corporation or of an Associate or Affiliate of the corporation and no such person is a promoter of the corporation or an Associate or Affiliate of the corporation. Collins Barrow Toronto LLP is independent of the corporation in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Corporation and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Corporation and its respective securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Corporation

Schedule B contains the audited financial statements of the Corporation for the years ended July 31, 2015, March 31, 2014 and the unaudited interim statements for the Corporation for the interim period ended for April 30, 2016, January 31, 2016 and October 31, 2015.

25.2 (a)-(b) Financial Statements of MFT and TLP

Consolidated Financial Information of MFT and TLP

MFT Annual Information

The following table sets forth selected financial information for MFT for the year ended April 30, 2016 and April 30, 2015, and selected balance sheet data as at April 30, 2015. Such information is derived from the unaudited financial statements of MFT for the years ended April 30, 2016 and April 30, 2015,and should be read in conjunction with such financial statements. See Schedule F – *Financial Statements of MFT*.

	Three Months Ended July 31, 2016 (unaudited) ($)	**Year Ended April 30, 2016 (Audited) ($)**	**Year Ended April 30, 2015 (unaudited) ($)**
Revenue	1,493,607	3,085,864	732,746
Total Expenses	1,374,171	2,395,784	737,763
Net income and total comprehensive income for the period	97,321	555,356	(5,017)
Basic and diluted earnings per common share	993	5,667	(50)
Cash and short-term investments	215,464	40,763	332,348

Total assets	1,737,579	1,156,114	558,355
Total long-term liabilities	52,658	69,779	323,265
Cash dividends per common share	0.00	2,551.02	0.00

TLP Annual Information

The following table sets forth selected financial information for TLP for the period from March 5, 2015 to June 30, 2016 and selected balance sheet data as at June 30, 2015. Such information is derived from the unaudited financial statements of TLP for the period from January 1, 2016 to June 30, 2016 and the period from March 25, 2015 to December 31, 2015, and should be read in conjunction with such financial statements. See Schedule G – *Financial Statements of TLP*.

	Period from January 1, 2016 to June 30, 2016 (unaudited) ($)	**Period from March 25, 2015 to December 31, 2015 (audited) ($)**
Revenue	845,107	417,520
Total Expenses	517,309	461,767
Net income and total comprehensive income for the period	283,932	(44,247)
Basic and diluted earnings per common share	2,839	(442)
Cash and short-term investments	22,362	5,820
Total assets	389,100	188,531
Total long-term liabilities	21,786	24,971
Cash dividends per common share	1,100.00	0.00

Pro-Forma Consolidated Financial Statements of the Corporation

The following table sets out certain financial information as at June 30, 2015 after giving effect to the Acquisition as if it had been completed on that date. Such information is derived from and should be read in conjunction with the pro forma financial statements and the notes thereto attached hereto as Schedule A – *Pro Forma Financial Statements*.

	Abba - As at April 30, 2016 (Unaudited) ($)	**MFT - As at July 31, 2016 (Unaudited) ($)**	**TLP - As at June 30, 2016 (Unaudited) ($)**	**Pro Forma Adjustments (Unaudited) ($)**	**Corporation-Pro Forma (Unaudited) ($)**
Current Assets	141,573	1,408,416	365,746	5,211,919	7,127,654
Loans Receivable	Nil	30,000	Nil	Nil	30,000
Fixed Assets	1,815,171	299,163	23,354	Nil	2,137,688
Goodwill	Nil	Nil	Nil	6,460,038	6,460,038
Total Assets	**1,956,744**	**1,737,579**	**389,100**	**11,671,957**	**15,755,380**
Current Liabilities	3,178,335	1,373,290	237,619	(286,817)	4,502,427
Deferred Lease Inducement	12,178	Nil	Nil	Nil	12,178

	Abba - As at April 30, 2016 (Unaudited) ($)	MFT - As at July 31, 2016 (Unaudited) ($)	TLP - As at June 30, 2016 (Unaudited) ($)	Pro Forma Adjustments (Unaudited) ($)	Corporation- Pro Forma (Unaudited) ($)
Long Term Liabilities	Nil	35,137	21,786	Nil	56,923
Convertible Debentures	Nil	Nil	Nil	590,928	590,928
Purchase Price Payable	Nil	Nil	Nil	4,000,000	4,000,000
Deferred Income Tax Liability	326	17,521	Nil	95,070	112,917
Total Liabilities	**3,190,839**	**1,425,948**	**259,405**	**4,399,181**	**9,275,373**
Shareholders' Equity (Deficit)	**(1,234,095)**	**311,631**	**129,695**	**7,272,776**	**6,480,007**

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Canada House Wellness Group Inc., 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 Canada House Wellness Group Inc. 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
this 7 day of November, 2016.

(s) "Michael Johnston"
Chief Financial Officer

(s) "Gerry Goldberg"
Chief Executive Officer

(s) "David Shpilt"
Director

SCHEDULE A

PRO FORMA FINANCIAL STATEMENTS

(See attached)

Unaudited Pro-Forma Consolidated Statement of Financial Position

Canada House Wellness Group Inc.

(formerly Abba Medix Group Inc.)

As at April 30, 2016

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Canada House Wellness Group Inc. (formerly Abba Medix Group Inc.)

Unaudited Pro-Forma Consolidated Statement of Financial Position as at April 30, 2016

	Canada House Wellness Group Inc. April 30, 2016	672800 N.B. Inc. July 31, 2016	The Longevity Project Corp. June 30, 2016	Pro-Forma Adjustments	Note	Pro-Forma Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 8,569	$ 215,464	$ 22,362	$ (250,000)	2(a)(ii)	
				4,750,250	2(b)(i)	
				1,275,000	2(b)(ii)	
				(368,678)	2(b)(iv)	
				225,000	2(g)	
				(300,000)	2(h)	
				(7,776)	2(k)	$ 5,570,191
Accounts receivable	-	1,130,972	181,596	-		1,312,568
Sales taxes recoverable	29,202	-	-	42,414	2(b)(iv)	71,616
Advances to shareholders	-	-	7,497	-		7,497
Other advances	-	-	154,291	(154,291)	2(k)	-
Prepaid expenses and deposits	103,802	61,980	-	-		165,782
	141,573	1,408,416	365,746	5,211,919		7,127,654
Loan Receivable	-	30,000	-	-		30,000
Property, Plant and Equipment	1,815,171	299,163	23,354	-		2,137,688
Goodwill	-	-	-	6,460,038	2(a)(i)	6,460,038
Total Assets	$ 1,956,744	$ 1,737,579	$ 389,100	$ 11,671,957		$ 15,755,380

	Canada House Wellness Group Inc. April 30, 2016	672800 N.B. Inc. July 31, 2016	The Longevity Project Corp. June 30, 2016	Pro-Forma Adjustments	Note	Pro-Forma Consolidated
Liabilities						
Current Liabilities						
Accounts payable and accrued liabilities	$ 2,150,684	$ 997,944	$ 171,006	$ (74,750)	2 (c)	
				(162,067)	2 (k)	$ 3,082,817
Income taxes payable	-	119,971	43,866	-		163,837
Sales taxes payable	57,124	-	-	-		57,124
Due to shareholders	-	37,169	16,246	-		53,415
Due to director	1,697	-	-	-		1,697
Short-term advances	99,200	-	-	(50,000)	2(f)	49,200
Promissory notes	450,000	-	-	-		450,000
Convertible promissory notes	300,000	-	-	-		300,000
Short-term advances from related party	119,630	-	-	-		119,630
Current portion of long-term debt	-	218,206	6,501	-		224,707
	3,178,335	1,373,290	237,619	(286,817)		4,502,427
Deferred Lease Inducement	12,178	-	-	-		12,178
Long-Term Debt	-	35,137	21,786	-		56,923
Convertible Debentures	-	-	-	702,055	2(b)(ii)	
				(76,025)	2(b)(iii)	
				(35,102)	2(b)(iv)	590,928
Purchase Price Payable	-	-	-	454,600	2(a)(i)	
				1,545,400	2(a)(ii)	
				2,000,000	2(a)(ii)	4,000,000
Deferred Income Tax Liability	326	17,521	-	95,070	2(b)(ii)	112,917
Total Liabilities	$ 3,190,839	$ 1,425,948	$ 259,405	$ 4,399,181		$ 9,275,373

	Canada House Wellness Group Inc. April 30, 2016	672800 N.B. Inc. July 31, 2016	The Longevity Project Corp. June 30, 2016	Pro-Forma Adjustments	Note	Pro-Forma Consolidated
Equity						
Issued Capital	$ 8,296,114	$ 98	$ 10	$ (10)	2(a)(i)	
				6,135,133	2(a)(i)	
				(8,296,114)	2(a)(ii)	
				13,906,302	2(a)(ii)	
				2,557,757	2(b)(i)	
				(276,979)	2(b)(iii)	
				(141,350)	2(b)(iv)	
				92,000	2(c)	
				280,000	2(d)	
				280,000	2(e)	
				50,000	2(f)	
				225,000	2(g)	$ 23,107,961
Contributed Surplus	763,698	-	-	(763,698)	2(a)(ii)	
				2,192,493	2(b)(i)	
				214,191	2(b)(ii)	
				652,474	2(b)(iii)	
				(260,620)	2(b)(iii)	
				(131,874)	2(b)(iv)	
				173,653	2(d)	
				173,653	2(e)	
				4,116,683	2(j)	7,130,653
Equity Component of Convertible Promissory Notes	18,466	-	-	(18,466)	2(a)(ii)	-
Equity Component of Convertible Debentures	-	-	-	263,684	2(b)(ii)	
				(38,850)	2(b)(iii)	
				(17,938)	2(b)(iv)	206,896
Retained Earnings (Deficit)	(10,312,373)	311,533	129,685	(129,685)	2(a)(i)	
				10,312,373	2(a)(ii)	
				(18,935,797)	2(a)(ii)	
				(17,250)	2 (c)	
				(453,653)	2 (d)	
				(453,653)	2 (e)	
				(300,000)	2 (h)	
				(4,116,683)	2 (j)	(23,965,503)
	(1,234,095)	311,631	129,695	7,272,776		6,480,007
Total Liabilities and Equity	$ 1,956,744	$ 1,737,579	$ 389,100	$ 11,671,957		$ 15,755,380

1. Basis of Presentation

The unaudited pro-forma consolidated statement of financial position (the "pro-forma statement of financial position") of Canada House Wellness Group Inc. ("CHWG") (formerly Abba Medix Group Inc.) has been prepared from information derived from the unaudited condensed interim consolidated financial statements of CHWG as at April 30, 2016, the unaudited interim condensed financial statements of 672800 N.B. Inc., doing business as Marijuana For Trauma ("MFT"), as at July 31, 2016, and the unaudited interim financial statements of The Longevity Project Corp. ("LPC") as at June 30, 2016, on the basis of the assumptions and adjustments described in note 2.

This pro-forma statement of financial position may not necessarily be indicative of CHWG's future financial position or of the financial position that would have been obtained if the proposed transactions had taken effect on the date indicated. This statement of financial position should be read in conjunction with CHWG's unaudited condensed interim consolidated financial statements as at April 30, 2016, in conjunction with MFT's unaudited interim condensed financial statements as July 31, 2016, and in conjunction with LPC's unaudited interim financial statements as at June 30, 2016.This pro-forma statement of financial position has been prepared in accordance with International Financial Reporting Standards.

2. Pro-Forma Assumptions

The pro-forma statement of financial position takes into account the transactions and assumptions as described hereafter, as if they had taken place on April 30, 2016.

(a) CHWG entered into a Share Exchange Agreement (the "Agreement") dated June 15, 2016 with the shareholders of MFT and LPC (together the "Target Shareholders") to exchange a sufficient amount of shares of CHWG for all of the issued and outstanding shares of MFT and LPC (the "Transaction"), such that immediately following the completion of the Transaction, approximately 66% of all of CHWG's issued and outstanding shares will be owned by the Target Shareholders. In connection with the Transaction, CHWG will effect a consolidation of their common shares such that each one and one-half pre-consolidation common shares become one post-consolidation common share in the resulting issuer (the "Share Consolidation").

i) Acquisition of LPC

Pursuant to the Agreement, upon completion of the Transaction, the former shareholders of LPC will control 15% of the issued and outstanding common shares of CHWG. The Agreement also includes an Earn-Out payment of an aggregate amount of $2,000,000, of which the former shareholders of LPC are entitled to 22.73% ($454,600). The timing of the payment of the Earn-Out payment by CHWG to the former shareholders of LPC, is dependent on MFT and LPC (collectively the "Target Business") meeting specific EBITDA performance targets at certain milestones. For accounting purposes, CHWG has been identified as the acquirer and LPC the acquired company, and this transaction has been accounted for as a business combination. As such, LPC's balances are accounted for at fair value, with the balance of the purchase price in excess of the fair value of the acquired assets and liabilities of LPC accounted for as goodwill. LPC's historical share capital and retained earnings have been eliminated. For purposes of this unaudited pro-forma consolidated statement of financial position, it has been assumed that all conditions of the Agreement have been met.

2. Pro-Forma Assumptions (continued)

(a) (continued)

The allocation of the consideration transferred is as follows:

21,911,190 shares at a price of $0.28 per share	$ 6,135,133
Earn-Out payment	454,600
Total consideration transferred	6,589,733
Net assets of LPC acquired	129,695
Goodwill	$ 6,460,038

ii) Acquisition of MFT

Pursuant to the Agreement, upon completion of the Transaction, the former shareholders of MFT will control 51% of the issued and outstanding common shares of CHWG. The Agreement also includes a cash payment of $250,000 on close of the Transaction, an Earn-Out payment of an aggregate amount of $2,000,000, of which the former shareholders of MFT are entitled to 77.27% ($1,545,400), and a Bonus Earn-Out payment of $2,000,000 payable to the former shareholders of MFT. The timing of the payment of the Earn-Out and Bonus Earn-Out payments by CHWG to the former shareholders of LPC, are dependent on the Target Business meeting specific EBITDA performance targets at certain milestones. For accounting purposes, MFT is the deemed acquirer and CHWG the deemed acquired company, and accordingly, MFT's balances are accounted for at cost and CHWG is accounted for at fair value. Since CHWG's operations do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, CHWG's share capital, deficit, contributed surplus and equity component of convertible promissory notes payable will be eliminated, the consideration transferred by CHWG will be allocated to share capital, and the transaction costs will be expensed. For purposes of this unaudited pro-forma consolidated statement of financial position, it has been assumed that all conditions of the letter of the Agreement have been met.

The allocation of the consideration transferred is as follows:

49,665,364 shares at a price of $0.28 per share	$ 13,906,302
Cash payment on close of the Transaction	250,000
Earn-Out payment	1,545,400
Bonus Earn-Out payment	2,000,000
Total consideration transferred	17,701,702
Net assets (liabilities) of CHWG acquired	(1,234,095)
Transaction costs	$ 18,935,797

The acquisition-date fair value of the consideration transferred by CHWG for its interest in MFT is based on the number of equity interests MFT would have had to issue to give the owners of CHWG the same percentage equity interest in the combined entity that results from the transaction described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for MFT. An adjustment has been booked to adjust the fair market value of CHWG's equity interest in MFT accordingly.

2. Pro-Forma Assumptions (continued)

(b) Subsequent to the period ended April 30, 2016, and in connection with the Transaction, CHWG entered into an agency agreement, pursuant to which the agent solicited, and CHWG issued and sold on a subscription receipt basis, 19,001,000 Equity Units (the Equity Units Subscription Receipts) and 1,275 Debenture Units (the "Debenture Units Subscription Receipts"). At a subscription price of $0.25 per Equity Unit, and $1,000 per Debenture Unit, CHWG raised Gross Proceeds of the Offering of $6,025,000, with proceeds of $4,750,250 and $1,275,000 attributable to the issuance of the Equity Units and Debenture Units respectively.

(i) Each Equity Unit consists of one common share and one common share purchase warrant which entitles the holder to purchase one common share of CHWG at a price of $0.40 per share for a period of 24 months following the Escrow Release.

The fair value of the warrants of $2,192,493 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	5 years
Expected volatility	206%

(ii) Each Convertible Debenture Unit will consist of one 8.5% secured debenture with a principal amount of $1,000, and 1,000 Convertible Debenture Warrants (a "CD Warrant") which entitles the holder thereof to acquire one common share (a "CD Warrant Share") for an exercise price of $0.40 per CD Warrant Share for the initial 24 months following the Escrow Release; at an exercise price of $0.75 from 24 months to 36 months following Escrow Release; and at an exercise price of $1.00 from 36 months to 48 months following Escrow Release. CHWG has allocated the proceeds from the issuance of the Convertible Debenture Units as follows:

Convertible debentures, principal	$ 702,055
Fair value of conversion option	263,684
Deferred income tax liability	95,070
Fair value of CD Warrant	214,191
	$ 1,275,000

The fair value of the CD warrants of $214,191 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	3 years
Expected volatility	243%

2. Pro-Forma Assumptions (continued)

(b) (continued)

(iii) At Closing, and subject to regulatory approval (where any such approval is required), the Agent will receive Equity Unit options (the "Compensation Options") exercisable at any time up to 36 months following the Escrow Release, to acquire from treasury at the Equity Offering Price, an amount of Equity Units equal to 10% of the Gross Proceeds arising from the Offering.

The fair value of $652,474 of the 2,410,100 Compensation Options to be issued to the Agent was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	3 years
Expected volatility	243%

The fair value of the Compensation Options has been allocated as follows:

Issued capital	$	276,979
Contributed surplus		260,620
Convertible debentures, principal		76,025
Fair value of convertible debenture conversion option		38,850
	$	652,474

(iv) CHWG will also pay to the Agent, a cash commission of 5.0% of the Gross Proceeds arising from the Offering (the "Commission"). One-half of the Commission (50%) shall be payable to the Agent at Closing, with the remaining balance to be paid upon the Escrow Release. CHWG will also pay a one-time Work Fee of $25,000 plus HST at Closing.

The Commission of $301,264 and Work Fee of $25,000 has been allocated as follows:

Issued capital	$	141,350
Contributed surplus		131,874
Convertible debentures, principal		35,102
Fair value of convertible debenture conversion option		17,938
	$	326,264

(c) Subsequent to April 30, 2016, CHWG entered into a Consulting Agreement with a company to provide various consulting services in exchange for a monthly fee of $11,500 for a term of eight months. Pursuant to the Consulting Agreement, the aggregate fee payable for the term of the Consulting Agreement of $92,000 will be settled by the issuance of 400,000 common shares of CHWG at the completion of the Consulting Agreement. As at April 30, 2016, CHWG's accounts payable and accrued liabilities included $74,750 related to this Consulting Agreement.

2. Pro-Forma Assumptions (continued)

(d) Subsequent to April 30, 2016, CHWG entered into an Amending Agreement with a company related to a prior services agreement to provide various marketing services in exchange for the issuance of 1,000,000 common shares of CHWG to be issued on a pre-consolidation basis and 666,667 warrants on a post-consolidation basis. Each warrant entitles the holder to purchase one common share of CHWG at a post-Consolidation exercise price of $0.25 for a period of three years following the date of issue. For purposes of this unaudited pro-forma consolidated statement of financial position, the fair value of the common shares has been estimated to be $280,000 and the fair value of the warrants has been estimated to be $173,653.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	5 years
Expected volatility	206%

(e) Subsequent to April 30, 2016, CHWG entered into an Amending Agreement with a company related to a prior services agreement to provide various consulting services in exchange for the issuance of 1,000,000 common shares of CHWG to be issued on a pre-consolidation basis and 666,667 warrants on a post-consolidation basis. Each warrant entitles the holder to purchase one common share of CHWG at a post-Consolidation exercise price of $0.25 for a period of three years following the date of issue. For purposes of this unaudited pro-forma consolidated statement of financial position, the fair value of the common shares has been estimated to be $280,000 and the fair value of the warrants has been estimated to be $173,653.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	5 years
Expected volatility	206%

2. Pro-Forma Assumptions (continued)

(f) Subsequent to April 30, 2016, CHWG converted short-term advances in the aggregate amount of $50,000 into two convertible unsecured promissory notes in the amount of $25,000 (the Principal Amount") each. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on May 3, 2018, unless earlier converted. Every $1,000 of the Principal Amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of CHWG at an ascribed conversion price of $0.18 per common share (the "Conversion Price"). At any time after the four month anniversary of the Note, CHWG shall have the right, if the common shares of CHWG listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding Principal Amount and any accrued but unpaid interest into common shares of CHWG at the Conversion Price. Following the Share Consolidation, the holders of the convertible unsecured promissory notes are expected to convert the outanding principal balances to common shares CHWG at a deemed price of $0.18 per share the result of which is as follows:

Convertible debentures, principal	$	50,000
Conversion price per share	$	0.18
Common shares of CHWG issued upon conversion		277,778

As a result of the expected conversion of the convertible unsecured promissory notes to common shares of CHWG, the entire amount of the proceeds from the issuance of the convertible unsecured promissory notes has been allocated to share capital.

(g) Subsequent to April 30, 2016, CHWG issued convertible unsecured promissory notes in the aggregate amount of $225,000. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on the two year anniversary of the Note, unless earlier converted. Every $1,000 of the principal amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of CHWG at an ascribed conversion price of $0.18 per common share (the "Conversion Price"). At any time after the four month anniversary of the Note, CHWG shall have the right, if the common shares of the Company listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding principal amount and any accrued but unpaid interest into common shares of CHWG at the Conversion Price. Following the Share Consolidation, the holders of the convertible unsecured promissory notes are expected to convert the outanding principal balances to common shares CHWG at a deemed price of $0.18 per share the result of which is as follows:

Convertible debentures, principal	$	225,000
Conversion price per share	$	0.18
Common shares of CHWG issued upon conversion		1,250,000

2. Pro-Forma Assumptions (continued)

(g) (continued)

As a result of the expected conversion of the convertible unsecured promissory notes to common shares of CHWG, the entire amount of the proceeds from the issuance of the convertible unsecured promissory notes has been allocated to share capital.

(h) The companies estimate they will incur approximately $300,000 of professional fees associated with the Transaction.

(i) Prior to completion of the Transaction, an existing shareholder of CHWG has agreed to return 18,000,000 common shares of CHWG for cancellation.

(j) Upon completion of the Transaction, CHWG has committed to issuing 15,000,000 warrants of CHWG to directors and a consultant of CHWG. Each warrant entitles the holder to purchase one common share of CHWG for a period of five years following the date of close of the Transaction. The warrants vest as to one-third on the date of close of the Transaction, an additional one-third on the first anniversary of close of the Transaction and the final one-third on the second anniversary of the close of the Transaction.

The fair value of the warrants of $4,116,683 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.055%
Expected life	5 years
Expected volatility	206%

(k) As at July 31, 2016, the accounts payable and accrued liabilities of MFT includes $162,067 payable to LPC. As at June 30, 2016, the other advances of LPC of $154,291 is receivable from MFT. For purposes of this unaudited pro-forma consolidated statement of financial position, these balances have been eliminated.

(l) The pro-forma effective income tax rate is 26.50%.

3. Pro-Forma Issued Capital

A continuity of pro-forma consolidated issued capital is provided below:

Issued Capital	**Number**	**Amount**
Common shares of CHWG outstanding April 30, 2016	65,265,364	$ 8,296,114
Common shares of CHWG to be cancelled (note 2(i))	(18,000,000)	-
Common shares issued to consultant (note 2(c))	400,000	92,000
Common shares issued to consultant (note 2(d))	1,000,000	280,000
Common shares issued to consultant (note 2(e))	1,000,000	280,000
Elimination of CHWG share capital at historical cost (note 2 (a)(ii))	-	(8,296,114)
Common shares of MFT outstanding July 31, 2016	98	98
To record the FMV of shares issued to MFT's shareholders (note 2(a)(ii))	74,497,948	13,906,302
Common shares of LPC outstanding June 30, 2016	100	10
To record the FMV of shares issued to LPC's shareholders (note 2(a)(i))	21,911,090	6,135,133
Elimination of LPC share capital at historical cost (note 2(a)(i))	-	(10)
Reduction of outstanding shares - post consolidation (note 2(a))	(48,691,533)	-
Common shares of CHWG issued pursuant to the Offering (note 2(b)(i))	19,001,000	2,557,757
Common shares issued upon conversion of convertible promissory notes payable (notes 2(f) and 2(g))	1,527,778	275,000
Share issuance costs pertaining to the Compensation Options (note 2(b)(iii))	-	(276,979)
Share issuance costs pertaining to the agent Commission and Work Fee (note 2(b)(iv))	-	(141,350)
Balance April 30, 2016 after giving effect to pro-forma adjustments	117,911,845	$ 23,107,961

SCHEDULE B

FINANCIAL STATEMENTS OF THE CORPORATION

(See attached)

Condensed Interim Consolidated Financial Statements

Abba Medix Group Inc.

For the Three and Nine Months Ended April 30, 2016 and 2015

Unaudited

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	April 30, 2016	July 31, 2015 (Audited)
Assets		
Current Assets		
Cash	$ 8,569	$ 6,314
HST Recoverable	29,202	83,458
Prepaid expenses and deposits	103,802	116,892
Other receivable (note 7)	-	103,627
	141,573	310,291
Property and Equipment (note 8)	1,815,171	1,749,298
	$ 1,956,744	$ 2,059,589
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,150,684	$ 1,561,619
GST and QST payable (note 12)	57,124	74,693
Due to director (note 13)	1,697	1,697
Short-term advances (note 10)	99,200	-
Promissory notes (note 14)	450,000	450,000
Convertible promissory notes (note 15)	300,000	298,769
Short-term advances from related party (note 6)	119,630	138,130
	3,178,335	2,524,908
Deferred Income Tax Liability	326	326
Deferred Lease Inducement (note 11)	12,178	15,603
	3,190,839	2,540,837
Shareholders' Equity		
Share Capital (note 16)	8,296,114	7,996,114
Contributed Surplus (notes 17, 18 and 19)	763,698	634,368
Equity Component of Convertible Promissory Notes (note 15)	18,466	18,466
Deficit	(10,312,373)	(9,130,196)
	(1,234,095)	(481,248)
	$ 1,956,744	$ 2,059,589

Basis of Presentation and Going Concern (note 2)

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

Approved on behalf of the Board of Directors

Signed "Gerry Goldberg", Director   Signed "Brad Rogers", Director

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended April 30, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Revenue	$ -	$ -	$ -	$ -
Expenses				
Advertising and promotion	2,486	97,469	40,492	117,411
Amortization of distribution and licensing rights (note 9)	-	-	-	14,960
Abandoned business acquisition costs	-	-	740	-
Bad debts (note 7)	103,627	-	103,627	-
Bank charges	323	679	1,030	1,569
Consulting fees	86,250	252,026	200,832	452,457
Directors fees	2,500	4,500	9,250	4,500
Loss on foreign exchange	(11,107)	-	(4,893)	(7,435)
Insurance	18,348	11,709	43,015	11,709
Interest on convertible and promissory notes (notes 14 and 15)	18,000	812	48,594	812
Interest on related party debt (note 6)	1,943	-	6,041	-
Interest accretion (note 15)	-	-	1,231	-
License and registration fees	-	138,986	-	138,986
Listing and filing fees	9,320	16,915	29,480	16,915
Occupancy (note 21)	63,955	56,647	179,590	170,828
Office and general	2,361	18,209	13,338	50,823
Professional fees (note 21)	12,968	68,706	184,539	115,745
Salaries and benefits	17,420	119,951	141,517	233,325
Share based compensation (notes 18 and 19)	27,376	-	129,330	-
Training and education	195	1,895	195	8,272
Transaction costs (notes 1 and 24)	50,000	5,642,378	50,000	5,916,307
Travel	88	10,251	4,229	20,279
	406,053	6,441,133	1,182,177	7,267,463
Loss and Comprehensive Loss for the period	$ (406,053)	$ (6,441,133)	$ (1,182,177)	$ (7,267,463)
Loss per Share - basic and diluted	$ (0.01)	$ (0.16)	$ (0.02)	$ (0.14)
Weighted Average Number of Common Shares Outstanding - basic and diluted	65,265,364	40,122,608	65,265,364	52,692,574

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

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Nine Months Ended April 30, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Number of Common Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Share Subscriptions Payable	Deficit	Total Equity (Deficit)
Opening balance as at August 1, 2015	62,265,364	$ 7,996,114	$ 634,368	$ 18,466	$ -	$ (9,130,196)	$ (481,248)
Share subscription proceeds	3,000,000	300,000	-	-	-	-	300,000
Share-based compensation (note 18)	-	-	129,330	-	-	-	129,330
Net loss for the period	-	-	-	-	-	(1,182,177)	(1,182,177)
Balance as at April 30, 2016	65,265,364	$ 8,296,114	$ 763,698	$ 18,466	$ -	$(10,312,373)	$ (1,234,095)

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Nine Months Ended April 30, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Number of Common Shares	Issued Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Share Subscriptions Payable	Deficit	Total Equity
Opening balance as at August 1, 2014	1,000,000	$ 750,001	$ -	$ -	$ -	$ (254,776)	$ 495,225
Common shares issued for cash	322,011	2,414,900	-	-	-	-	2,414,900
Common shares issued as settlement of trade payables	14,866	111,500	-	-	-	-	111,500
Additional common shares issued to shareholders of Abba in connection with the Transaction	41,443,187	-	-	-	-	-	-
Common shares issued to pre-Transaction shareholders of the Company in connection with the Transaction	18,461,300	4,615,325	-	-	-	-	4,615,325
Warrants issued in connection with the Transaction	-	-	531,867	-	-	-	531,867
Net loss for the period	-	-	-	-	-	(7,267,463)	(7,267,463)
Balance as at April 30, 2015	61,241,364	$ 7,891,726	$ 531,867	$ -	$ -	$ (7,522,239)	$ 901,354

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

Abba Medix Group Inc.

Condensed Interim Consolidated Cash Flow Statements
For the Three and Nine Months Ended April 30, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Operating Activities				
Net loss for the period	$ (406,053)	$ (6,441,133)	$ (1,182,177)	$ (7,267,463)
Items not affecting cash flows from operations:				
Transaction costs	50,000	5,642,378	50,000	5,916,307
Interest on convertible and promissory notes	18,000	812	48,594	812
Items not involving cash:				
Amortization of distribution and license rights	-	-	-	14,960
Bad debt expense	103,627	-	103,627	-
Stock-based compensation	27,376	-	129,330	-
Deferred lease inducement	(1,142)	(1,142)	(3,425)	(3,425)
Interest accretion	-	-	1,231	-
	(208,192)	(799,085)	(852,820)	(1,338,809)
Net changes in non-cash working capital (note 20)	85,821	(9,914)	500,671	(118,983)
	(122,371)	(808,999)	(352,149)	(1,457,792)
Investing Activities				
Property and equipment	(471)	(351,055)	(7,702)	(1,180,958)
Short-term advance receivable	-	(92,134)	-	(92,134)
	(471)	(443,189)	(7,702)	(1,273,092)
Financing Activities				
Issuance of share capital	-	512,000	300,000	2,024,375
Promissory notes	-	450,000	-	450,000
Short-term advances	51,200	61,600	99,200	118,370
Due to/ from related company	-	-	-	8,871
Short-term advances to/ from related party	(8,000)	120,000	(18,500)	145,000
Interest on convertible and promissory notes	-	-	(18,594)	-
Cash acquired upon completion of Transaction	-	876	-	876
Transaction costs	-	(173,050)	-	(222,016)
	43,200	971,426	362,106	2,525,476
Change in cash	(79,642)	(280,762)	2,255	(205,408)
Cash - beginning of period	88,211	289,316	6,314	213,962
Cash - end of period	$ 8,569	$ 8,554	$ 8,569	$ 8,554

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

1. Nature of Operations

Abba Medix Group Inc. (the "Company"), formerly "Saratoga Electronic Solutions Inc.", was incorporated September 29, 1982 under the Company Act of the Province of British Columbia and is listed on the Canadian Securities Exchange under the symbol "ABA". These condensed interim consolidated financial statements of the Company for the three and nine month periods ended April 30, 2016 and 2015, comprise the results of the Company and its wholly-owned subsidiary Abba Medix Corp. ("Abba"). Abba has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations ("MMPR"). There is no assurance that any prospective project in the medical marijuana industry will be successfully initiated or completed. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

On February 24, 2015, the shareholders of Abba entered into a definitive share exchange agreement (the "Share Exchange Agreement") with the Company pursuant to which, each shareholder of Abba would exchange, transfer and assign all of the Class A Common shares of Abba he, she or it owns to the Company in consideration of the Company's issuance to such shareholder a number of common shares of the Company on the basis of thirty-two (32) common shares of the Company for each one (1) Class A Common share of Abba (the "Transaction").

Upon completion of the Transaction, the former shareholders of Abba became the controlling shareholders of the Company. For accounting purposes, Abba is the deemed acquirer and the Company the deemed acquired company, and accordingly, Abba's balances are accounted for at their carrying amounts and the Company's balances are accounted for at fair value. Since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

Following completion of the Transaction, Abba's shareholders held 42,780,064 of the 61,241,364 issued and outstanding common shares of the Company, while existing Company shareholders held the remaining 18,461,300 common shares.

The allocation of the fair value of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.234 per share)	$ 4,326,694
Net assets (liabilities) of the Company acquired	(209,364)
Deemed transaction costs	$ 4,536,058

The acquisition-date fair value of the consideration transferred by the Company for its interest in Abba is based on the number of equity interests Abba would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba. An adjustment has been booked to adjust the fair market value of the Company's equity interest in Abba accordingly.

1. Nature of Operations (continued)

The Company incurred other professional fees of $721,755 in connection with the Transaction that have been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015. Upon close of the transaction, the Company issued 5,511,723 warrants to a consultant pursuant to a consulting agreement (see note 17). The fair value of the warrants of $606,994 has been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015. These condensed interim consolidated financial statements have not been subject to audit and were approved by the Company's Board of Directors on June 28, 2016.

b) Basis of Presentation

The condensed interim consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

c) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Abba.

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases. Abba is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba and has the ability to affect those returns through its power over Abba by way of its ownership of all of the issued and outstanding common shares of Abba.

The functional currency of the Company and Abba is the Canadian Dollar, which is the presentation currency of the condensed interim consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

2. Basis of Presentation and Going Concern (continued)

d) Going Concern

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future.

The Company's ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license to produce medical marijuana under the MMPR, and has not generated revenue from operations. During the nine month period ended April 30, 2016, the Company incurred a net loss of $1,107,427 (2015 - $7,267,463) and as of that date, the Company's deficit was $10,237,623 (July 31, 2015 - $9,130,196). As at April 30, 2016, the Company has current assets of $141,573 (July 31, 2015 - $310,291) and current liabilities of $3,178,335 (July 31, 2015 - $2,524,908) resulting in a working capital deficiency of $3,036,762 (July 31, 2015 - $2,214,617).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended July 31, 2015 with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which are applicable for annual periods beginning on or after January 1, 2015.

4. Future Accounting Pronouncements

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

4. Future Accounting Pronouncements (continued)

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its condensed interim consolidated financial statements.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the valuation of deferred taxes, impairment of its financial and non-financial assets, evaluation of contingencies, inputs used in accounting for share-based payment transactions and in the valuation of options and warrants included in shareholders' equity, including volatility, the fair value of financial instruments and the determination of the discount rate used to estimate the fair value of the liability component of convertible promissory notes.

Management has determined that judgments, estimates and assumptions reflected in these condensed interim consolidated financial statements are reasonable.

6. Short-term Advances from Related Party

The short-term advances from a related party bear interest at 6% per annum compounded monthly, are unsecured, and have no specific terms of repayment. All transactions are measured at fair value. The related party is the Company's former Chief Executive Officer.

7. Other Receivable

Other receivable included an amount receivable from a former subsidiary related to Goods and Services Tax (GST) and Quebec Sales Tax (QST) charged by the Company. The amount was non-interest bearing and payable upon receipt of the invoice. Prior to the period ended April 30, 2016, the former subsidiary had filed returns claiming refunds of GST and QST from which they were to repay the amounts owed to the Company. During the period ended April 30, 2016, the Company was notified by the former subsidiary that its refund claims for GST and QST were reduced to such an amount that it would be unable to pay the amounts owed to the Company. As such, the Company has reduced the carrying amount of the other receivable to $Nil.

8. Property and Equipment

As at April 30, 2016	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of period	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298
Additions	6,670	58,599	532	-	72	65,873
Balance, end of period	1,252,493	285,705	45,536	186,126	45,311	1,815,171
Accumulated depreciation						
Balance, beginning of period	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of period	-	-	-	-	-	-
Net carrying amount as at April 30, 2016	$ 1,252,493	$ 285,705	$ 45,536	$ 186,126	$ 45,311	$ 1,815,171

8. Property and Equipment (continued)

As at July 31, 2015	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of year	$ 190,203	$ 68,483	$ -	$ -	$ -	$ 258,686
Additions	1,055,620	158,623	45,004	186,126	45,239	1,490,612
Balance, end of year	1,245,823	227,106	45,004	186,126	45,239	1,749,298
Accumulated depreciation						
Balance, beginning of year	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of year	-	-	-	-	-	-
Net carrying amount as at July 31, 2015	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298

9. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company had to pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in a separate Joint Venture Agreement entered into by the parties. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

9. Distribution and Licensing Rights (continued)

During the year ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment as it was re-negotiating the terms of the Agreement with the licensor.

During the year ended July 31, 2015 the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been expensed.

10. Short-term Advances

The short-term advances are non-interest bearing, unsecured, and have no specific terms of repayment.

Subsequent to the period ended April 30, 2016, short-term advances in the aggregate amount of $50,000 were converted to two convertible unsecured promissory notes in the amount of $25,000 each (see note 24).

11. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

12. GST and QST Payable

The amounts included in GST and QST payable represent amounts owed to Revenu Quebec for sales taxes collected by the Company, net of the amount of GST and QST paid on purchases made by the Company.

13. Due to Director

Due to director is non-interest bearing, unsecured, and has no specific terms of repayment.

14. Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured promissory notes:

a) Principal of $200,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 7, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $822 was outstanding and past due.

14. Promissory Notes (continued)

b) Principal of $160,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $658 was outstanding and past due.

c) Principal of $90,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $370 was outstanding and past due.

15. Convertible Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured convertible promissory notes:

a) Principal of $250,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at April 30, 2016, accounts payable and accrued liabilities included $25,000 of accrued interest related to this convertible promissory note.

b) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at April 30, 2016, accounts payable and accrued liabilities included $2,500 of accrued interest related to this convertible promissory note.

c) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at April 30, 2016, accounts payable and accrued liabilities included $2,500 of accrued interest related to this convertible promissory note.

15. Convertible Promissory Notes (continued)

The holders of the convertible promissory notes have the unrestricted right, at the holder's option, to convert, in whole or in part, the unpaid principal balance, together with all accrued and unpaid interest into fully paid and nonassessable shares of common stock of the Company. The right to convert may be exercised by the holder at any time up to and including the maturity date of the convertible promissory note. The number of common shares into which the convertible promissory notes may or will be converted shall be determined by dividing the unpaid principal balance, together with all accrued and unpaid interest thereon, by the conversion price of $0.45 per share.

As the convertible promissory notes each contain a liability component and an equity component, the Company has split the proceeds of the convertible promissory notes and have presented the two components separately in the statement of financial position. The Company has calculated the initial fair value of the liability component as $274,876, using a discount rate of 36%. The fair value of the equity component of $18,466 was calculated by deducting the fair value of the liability component from the total fair value of the convertible promissory notes. The equity component also includes a deferred income tax component of $6,658 which has been disclosed separately on the condensed interim consolidated statement of financial position. The equity and deferred income tax components, in aggregate, represent a deemed discount on the convertible promissory notes. This discount will be accreted to the consolidated statement of loss and comprehensive loss over the term of the convertible promissory notes.

During the nine months ended April 30, 2016, the Company recorded interest accretion expense of $1,231. The aggregate carrying value of the convertible promissory notes as at April 30, 2016 is calculated as follows:

Principal balance due August 4, 2015	$ 300,000
Less: fair value of conversion option	(18,466)
Less: deferred tax liability	(6,658)
Carrying value at May 6, 2015	274,876
Add: Interest accretion for the year	23,893
Balance, July 31, 2015	298,769
Add: Interest accretion for the period	1,231
Balance, April 30, 2016	$ 300,000

16. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following table summarizes the common share activities for the period ended April 30, 2016:

	Number of Common Shares		Share Capital
Balance, August 1, 2015	62,265,364	$	7,996,114
Private placements (a)	3,000,000		300,000
Balance, April 30, 2016	65,265,364	$	8,296,114

a) During the period ended April 30, 2016, the Company issued 3,000,000 common shares of the Company for proceeds of $300,000.

17. Warrants

The following table summarizes the warrant activities for the period ended April 30, 2016:

	Number of Warrants		Weighted Average Exercise Price
Balance - August 1, 2015 and April 30, 2016	5,487,723	$	0.25

As at April 30, 2016, the Company had 5,487,723 warrants outstanding. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 12 months from the date of the close of the Transaction. During the period ended April 30, 2016, the Company extended the expiry date of the warrants to March 13, 2018. All other terms and conditions of the warrants remain unchanged.

18. Stock Options

The Company maintains a Stock Option Plan (the “Plan”) for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board which shall not exceed five years from the date of grant, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

18. Stock Options (continued)

The following table summarizes the stock option activities for the period ended April 30, 2016:

	Number of Options	Weighted Average Exercise Price
Balance - August 1, 2015	450,000	$ 0.46
Expired	(250,000)	(0.46)
Balance - April 30, 2016	200,000	$ 0.46
Exercisable at April 30, 2016	-	$ -

As at April 30, 2016, the Company had 200,000 stock options outstanding. Each stock option entitles the holder to acquire one common share of the Company at a price of $0.46 at any time prior to June 5, 2020. The weighted average remaining contractual life of the options outstanding at April 30, 2016 is 4.0 years. The amount of share-based compensation for the period ended April 30, 2016 was $129,330.

19. Contributed Surplus

Balance, August 1, 2015	$ 634,368
Share-based compensation (note 18)	129,330
Balance, April 30, 2016	$ 763,698

20. Changes in Non-cash Working Capital

The changes to the Company's non-cash working capital for the three and nine month periods ended April 30 are as follows:

	Three Months Ended		Nine Months Ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Decrease (increase) in HST recoverable	$ (7,152)	$ (90,439)	$ 54,256	$ (325,751)
Decrease (increase) in other receivables	-	(712)	-	(712)
Decrease (increase) in prepaid expenses and deposits	(46,186)	(67,075)	13,090	(126,519)
Decrease (increase) in GST and QST payable	(2,128)	-	(17,569)	-
Increase (decrease) in accounts payable and accrued liabilities	141,287	148,312	450,894	333,999
	$ 85,821	$ (9,914)	$ 500,671	$ (118,983)

21. Related Party Transactions and Balances

During the nine months ended April 30, 2016 the Company incurred the following related party transactions:

a) A total of $172,394 (2015 - $142,671) in occupancy expenses were charged by a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at April 30, 2016, prepaid expenses included $53,802 (2015 - $54,968), deferred lease inducement included $12,178 (2015 - $8,245) and accounts payable and accrued liabilities included $137,435 (2015 - $7,743) payable to this company.

b) A total of $62,500 (2015 - $133,333) in consulting fees were charged by a company controlled by the Company's former CEO, who was also a director of the Company. As at April 30, 2016, accounts payable and accrued liabilities included $88,479 (2015 - $Nil) payable to this company.

c) A total of $Nil (2015 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2015 - $24,231) were paid to an individual related to an officer and director of the Company.

d) A total of $16,075 of legal fees were charged by a law firm in which a former director of the Company is a partner. As at April 30, 2016, accounts payable and accrued liabilities included $112,745 payable to this law firm.

e) A total of $51,000 of accounting fees and $10,000 of consulting fees were charged by an accounting firm in which a director and an officer of the Company are partners. As at April 30, 2016, accounts payable and accrued liabilities included $174,802 payable to this accounting firm.

f) A total of $13,860 (2015 - $35,550) of consulting fees were charged by a company controlled by the Company's former CFO who is also a director and officer of the Company. As at April 30, 2016, accounts payable and accrued liabilities included $135,604 (2015 - $107,975) payable to this company.

g) A total of $9,250 of directors fees were charged by directors of the Company, the full amount of which is included in accounts payable and accrued liabilities as at April 30, 2016.

h) The amount of stock-based compensation expense for the period ended April 30, 2016 related to 450,000 stock options granted to directors and former directors during the year ended July 31, 2015 was $129,330.

Total compensation of $137,360 (2015 - $168,883) comprised entirely of short-term employee benefits were paid to the Company's former CEO, its current CFO and its former CFO during the period ended April 30, 2016, and share-based payments of $129,330 (2014 - $Nil) were paid to the Company's former CEO, former CFO and Board of Directors during the period ended April 30, 2016.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

22. Financial Instruments and Other Risks

License Risk

The Company is exposed to risk with respect to its application to Health Canada for a license to produce medical marijuana under the MMPR, as the Company cannot start generating revenue from the production of medical marijuana until the license is received. The Company engaged specialists who assisted in the preparation of the application and the Company continues to monitor the progress of the application with Health Canada.

Fair Values

The carrying amounts for the Company's cash, other receivable, amounts due from a related company, short-term advance from a related party, accounts payable and accrued liabilities, amounts due to director, short term advances, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

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

Credit Risk

The Company is not exposed to any significant credit risk as at April 30, 2016. The Company's cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at April 30, 2016, the Company has current assets of $141,573 and current liabilities of $3,178,335. The Company has a working capital deficiency as at April 30, 2016 of $3,036,762. The Company raises capital as needed to mitigate its liquidity risk.

Currency Risk

The Company is exposed to currency risk on the outstanding balance of US$72,500 (2015 - US$Nil) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At April 30, 2016, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been $9,097 (2015 - $Nil) higher (lower).

22. Financial Instruments and Other Risks (continued)

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at April 30, 2016, all of the Company's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no significant interest rate risk associated with the Company's financial instruments.

Contractual Maturities of Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases related to operating and financing activities, and property and equipment. The usual credit period taken for trade purchases is between 30 to 90 days.

The following table includes an aged analysis of the Company's accounts payable and accrued liabilities:

	April 30, 2016	July 31, 2015
1 - 30 days	$ 48,243	$ 82,545
31 - 60 days	2,140	199,611
61 - 90 days	28,430	143,033
Greater than 91 days	1,779,009	1,035,392
Total trade payables	1,857,822	1,460,581
Accrued liabilities	292,862	101,038
Outstanding at period end	$ 2,150,684	$ 1,561,619

23. Commitments

The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$ 195,828
2017	$ 200,627
2018	$ 174,573
2019	$ 78,041

24. Subsequent Events

Subsequent to April 30, 2016, the Company:

a) Converted short-term advances in the aggregate amount of $50,000 into two convertible unsecured promissory notes in the amount of $25,000 (the Principal Amount") each. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on May 3, 2018, unless earlier converted. Every $1,000 of the Principal Amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of the Company at an ascribed conversion price of $0.18 per common share (the "Conversion Price"). At any time after the four month anniversary of the Note, the Company shall have the right, if the common shares of the Company listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding Principal Amount and any accrued but unpaid interest into common shares of the Company at the Conversion Price.

b) Issued convertible unsecured promissory notes in the aggregate amount of $225,000. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on the two year anniversary of the Note, unless earlier converted. Every $1,000 of the principal amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of the Company at an ascribed conversion price of $0.18 per common share (the "Conversion Price"). At any time after the four month anniversary of the Note, the Company shall have the right, if the common shares of the Company listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding principal amount and any accrued but unpaid interest into common shares of the Company at the Conversion Price.

c) Entered into a Share Exchange Agreement to acquire all of the issued and outstanding common shares of two companies (collectively the "Target Business") in exchange for the following consideration:

   (i) A cash payment of $250,000;

   (ii) The issue of such number of common shares of the Company as would represent approximately 66% of all of the Company's issued and outstanding common shares immediately post- acquisition; and

   (iii) Cash payments totaling $4,000,000 payable over a period of up to three years from the closing date. The timing of the payments are dependent on upon the Target Business achieving certain EBITDA performance targets at certain milestones.

24. Subsequent Events (continued)

d) Entered into a Letter Agreement with a company to act as a lead agent and sole bookrunner, on a best-efforts basis, for a private placement offering (the "Offering") for gross proceeds of a minimum of $6,000,000 and up to a maximum of $10,000,000 consisting of Equity Units and Convertible Debenture Units. Each Equity Unit will consist of one common share and one common share purchase warrant which will entitle the holder to purchase one common share of the Company at a price of $0.40 per share for a period of 24 months following the Escrow Release. Each Convertible Debenture Unit will consist of one 8.5% secured debenture with a principal amount of $1,000, and 1,000 Convertible Debenture Warrants which entitles the holder thereof to acquire one common share (a "CD Warrant Share") for an exercise price of $0.40 per CD Warrant Share for the initial 24 months following the Escrow Release; at an exercise price of $0.75 from 24 months to 36 months following Escrow Release; and at an exercise price of $1.00 from 36 months to 48 months following Escrow Release.

The Equity Units and Convertible Debenture Units shall together be referred to as the "Securities".

Pursuant to the Letter Agreement, the Company will grant the Agent an option (the "Agent's Option") exercisable at any time up to and including the Closing of the Offering to increase the size of the Offering by up to 15% in Securities by giving written notice of the exercise of the Agent's Option, or a part thereof, to the Company at any time up to 48 hours prior to Closing.

The Company will pay to the Agent a cash commission of 5.0% of the aggregate Gross Proceeds arising from the Offering (the "Commission"), including the exercise, in whole or in part, of the Agent's Option. One-half of the Commission (50%) shall be payable to the Agent at Closing, with the remaining balance to be paid upon the Escrow Release.

At Closing, and subject to regulatory approval (where any such approval is required), the Agent will receive Equity Unit options (the "Compensation Options") exercisable at any time up to 36 months following the Escrow Release, to acquire from treasury at the Equity Offering Price, an amount of Equity Units equal to 10.0% of the Gross Proceeds arising from the Offering, including the exercise of the Agent's Option where any such exercise occurs. The Company will also pay a one-time Work Fee of $25,000 plus HST at Closing.

The Letter Agreement is subject to a number of terms and conditions including the execution of an Agency Agreement, and is contingent on the Company obtaining shareholder approval for a proposed 1.5:1 share consolidation and certain related matters.

e) Entered into a Consulting Agreement with a company to provide various consulting services in exchange for a monthly fee of $11,500 for a term of eight months. Pursuant to the Consulting Agreement, the aggregate fee payable for the term of the Consulting Agreement of $92,000 will be settled by the issuance of 400,000 common shares of the Company at the completion of the Consulting Agreement. As at April 30, 2016, accounts payable and accrued liabilities included $74,750 related to this Consulting Agreement.

Condensed Interim Consolidated Financial Statements

Abba Medix Group Inc.

For the Three and Six Months Ended January 31, 2016 and 2015

Unaudited

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	January 31, 2016	July 31, 2015 (Audited)
Assets		
Current Assets		
Cash	$ 88,211	$ 6,314
HST Recoverable	22,050	83,458
Prepaid expenses and deposits	57,616	116,892
Other receivable (note 7)	103,627	103,627
	271,504	310,291
Property and Equipment (note 8)	1,814,639	1,749,298
	$ 2,086,143	$ 2,059,589
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,941,336	$ 1,561,619
GST and QST payable (note 12)	59,252	74,693
Due to director (note 13)	1,697	1,697
Short-term advances (note 10)	48,000	-
Promissory notes (note 14)	450,000	450,000
Convertible promissory notes (note 15)	300,000	298,769
Short-term advances from related party (note 6)	127,630	138,130
	2,927,915	2,524,908
Deferred Income Tax Liability	326	326
Deferred Lease Inducement (note 11)	13,320	15,603
	2,941,561	2,540,837
Shareholders' Equity		
Share Capital (note 16)	8,296,114	7,996,114
Contributed Surplus (notes 17, 18 and 19)	736,322	634,368
Equity Component of Convertible Promissory Notes (note 15)	18,466	18,466
Deficit	(9,906,320)	(9,130,196)
	(855,418)	(481,248)
	$ 2,086,143	$ 2,059,589

Basis of Presentation and Going Concern (note 2)

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

Approved on behalf of the Board of Directors

Signed "Ahmad Rasouli", Director   Signed "Paul Andersen", Director

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended January 31, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Three Months Ended		Six Months Ended	
	January 31, 2016	January 31, 2015	January 31, 2016	January 31, 2015
Revenue	$ -	$ -	$ -	$ -
Expenses				
Advertising and promotion	14,466	3,793	38,006	19,942
Amortization of distribution and licensing rights (note 8)	-	-	-	14,960
Abandoned business acquisition costs	-	-	740	-
Bank charges	150	378	707	890
Consulting fees	3,360	110,653	114,582	200,431
Directors fees	3,000	-	6,750	-
Loss on foreign exchange	7,286	-	6,214	(7,435)
Insurance	12,074	-	24,667	-
Interest on convertible and promissory notes (notes 14 and 15)	18,036	-	30,594	-
Interest on related party debt (note 6)	2,036	-	4,098	-
Interest accretion (note 15)	-	-	1,231	-
Listing and filing fees	14,223	-	20,160	-
Occupancy (note 22)	61,758	61,415	115,635	114,181
Office and general	4,063	12,931	10,977	32,614
Professional fees (note 20)	69,840	22,546	171,571	47,039
Salaries and benefits	40,018	84,515	124,097	113,374
Share based compensation (notes 18 and 19)	50,977	-	101,954	-
Training and education	-	4,907	-	6,377
Transaction costs (note 1)	-	21,220	-	273,929
Travel	932	8,851	4,141	10,028
	302,219	331,209	776,124	826,330
Loss and Comprehensive Loss for the period	$ (302,219)	$ (331,209)	$ (776,124)	$ (826,330)
Loss per Share - basic and diluted	$ -	$ -	$ (0.01)	$ -
Weighted Average Number of Common Shares Outstanding - basic and diluted	64,482,755	35,851,392	63,374,060	34,074,240

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

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six Months Ended January 31, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Number of Common Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Share Subscriptions Payable	Deficit	Total Equity (Deficit)
Opening balance as at August 1, 2015	62,265,364	$ 7,996,114	$ 634,368	$ 18,466	$ -	$ (9,130,196)	$ (481,248)
Share subscription proceeds	-	300,000	-	-	-	-	300,000
Share-based compensation (note 18)	-	-	101,954	-	-	-	101,954
Net loss for the period	-	-	-	-	-	(776,124)	(776,124)
Balance as at January 31, 2016	62,265,364	$ 8,296,114	$ 736,322	$ 18,466	$ -	$ (9,906,320)	$ (855,418)

	Number of Common Shares	Issued Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Share Subscriptions Payable	Deficit	Total Equity
Opening balance as at August 1, 2014	1,000,000	$ 750,001	$ -	$ -	$ -	$ (254,776)	$ 495,225
Class A Common shares issued for cash	188,605	1,414,375	-	-	-	-	1,414,375
Cash received for subscriptions of Class A Common shares to be issued subsequent to January 31, 2015	-	-	-	-	105,000	-	105,000
Net loss for the period	-	-	-	-	-	(826,330)	(826,330)
Balance as at January 31, 2015	1,188,605	$ 2,164,376	$ -	$ -	$ 105,000	$ (1,081,106)	$ 1,188,270

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

Abba Medix Group Inc.

Condensed Interim Consolidated Cash Flow Statements
For the Three and Six Months Ended January 31, 2016 and 2015
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Three Months Ended		Six Months Ended	
	January 31, 2016	January 31, 2015	January 31, 2016	January 31, 2015
Operating Activities				
Net loss for the period	$ (302,219)	$ (331,209)	$ (776,124)	$ (826,330)
Items not affecting cash flows from operations				
Transaction costs	-	21,220	-	273,929
Interest on convertible and promissory notes	18,036	-	30,594	-
Items not involving cash:				
Amortization of distribution and license rights	-	-	-	14,960
Stock-based compensation	50,977	-	101,954	-
Deferred lease inducement	(1,142)	(1,140)	(2,283)	(2,282)
Interest accretion	-	-	1,231	-
	(234,348)	(311,129)	(644,628)	(539,723)
Net changes in non-cash working capital:				
Decrease (increase) in HST recoverable	94,318	(117,115)	61,408	(235,312)
Decrease (increase) in prepaid expenses and deposits	21,599	5,926	59,276	(59,445)
Decrease (increase) in GST and QST payable	(10,673)	-	(15,441)	-
Increase (decrease) in accounts payable and accrued liabilities	45,617	122,489	309,607	185,687
	150,861	11,300	414,850	(109,070)
	(83,487)	(299,829)	(229,778)	(648,793)
Investing Activities				
Property and equipment	(2,712)	(458,977)	(7,231)	(829,903)
Financing Activities				
Issuance of share capital	300,000	1,205,375	300,000	1,512,375
Share subscriptions payable	(300,000)	-	-	-
Short-term advances	-	(87,880)	48,000	56,770
Due to/ from related company	-	(20,000)	-	8,871
Short-term advances to/ from related party	(5,000)	(5,000)	(10,500)	25,000
Interest on convertible and promissory notes	(6,036)	-	(18,594)	-
Transaction costs	-	(48,966)	-	(48,966)
	(11,036)	1,043,529	318,906	1,554,050
Change in cash	(97,235)	284,723	81,897	75,354
Cash - beginning of period	185,446	4,593	6,314	213,962
Cash - end of period	$ 88,211	$ 289,316	$ 88,211	$ 289,316

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

1. Nature of Operations

Abba Medix Group Inc. (the "Company"), formerly "Saratoga Electronic Solutions Inc.", was incorporated September 29, 1982 under the Company Act of the Province of British Columbia and is listed on the Canadian Securities Exchange under the symbol "ABA". These condensed interim consolidated financial statements of the Company for the three and six month periods ended January 31, 2016 and 2015, comprise the results of the Company and its wholly-owned subsidiary Abba Medix Corp. ("Abba"). Abba has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations ("MMPR"). There is no assurance that any prospective project in the medical marijuana industry will be successfully initiated or completed. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

On February 24, 2015, the shareholders of Abba entered into a definitive share exchange agreement (the "Share Exchange Agreement") with the Company pursuant to which, each shareholder of Abba would exchange, transfer and assign all of the Class A Common shares of Abba he, she or it owns to the Company in consideration of the Company's issuance to such shareholder a number of common shares of the Company on the basis of thirty-two (32) common shares of the Company for each one (1) Class A Common share of Abba (the "Transaction").

Upon completion of the Transaction, the former shareholders of Abba became the controlling shareholders of the Company. For accounting purposes, Abba is the deemed acquirer and the Company the deemed acquired company, and accordingly, Abba's balances are accounted for at their carrying amounts and the Company's balances are accounted for at fair value. Since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

Following completion of the Transaction, Abba's shareholders held 42,780,064 of the 61,241,364 issued and outstanding common shares of the Company, while existing Company shareholders held the remaining 18,461,300 common shares.

The allocation of the fair value of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.234 per share)	$ 4,326,694
Net assets (liabilities) of the Company acquired	(209,364)
Deemed transaction costs	$ 4,536,058

The acquisition-date fair value of the consideration transferred by the Company for its interest in Abba is based on the number of equity interests Abba would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba. An adjustment has been booked to adjust the fair market value of the Company's equity interest in Abba accordingly.

1. Nature of Operations (continued)

The Company incurred other professional fees of $721,755 in connection with the Transaction that have been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015. Upon close of the transaction, the Company issued 5,511,723 warrants to a consultant pursuant to a consulting agreement (see note 17). The fair value of the warrants of $606,994 has been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015. These condensed interim consolidated financial statements have not been subject to audit and were approved by the Company's Board of Directors on March 29, 2016.

b) Basis of Presentation

The condensed interim consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

c) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Abba.

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases. Abba is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba and has the ability to affect those returns through its power over Abba by way of its ownership of all of the issued and outstanding common shares of Abba.

The functional currency of the Company and Abba is the Canadian Dollar, which is the presentation currency of the condensed interim consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

2. Basis of Presentation and Going Concern (continued)

d) Going Concern

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future.

The Company's ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license to produce medical marijuana under the MMPR, and has not generated revenue from operations. During the six month period ended January 31, 2016, the Company incurred a net loss of $776,124 (2015 - $826,330) and as of that date, the Company's deficit was $9,906,320 (July 31, 2015 - $9,130,196). As at January 31, 2016, the Company has current assets of $271,504 (July 31, 2015 - $310,291) and current liabilities of $2,927,915 (July 31, 2015 - $2,524,908) resulting in a working capital deficiency of $2,656,411 (July 31, 2015 - $2,214,617).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended July 31, 2015 with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which are applicable for annual periods beginning on or after January 1, 2015.

4. Future Accounting Pronouncements

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

4. Future Accounting Pronouncements (continued)

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its condensed interim consolidated financial statements.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the valuation of deferred taxes, impairment of its financial and non-financial assets, evaluation of contingencies, inputs used in accounting for share-based payment transactions and in the valuation of options and warrants included in shareholders' equity, including volatility, the fair value of financial instruments and the determination of the discount rate used to estimate the fair value of the liability component of convertible promissory notes.

Management has determined that judgments, estimates and assumptions reflected in these condensed interim consolidated financial statements are reasonable.

6. Short-term Advances from Related Party

The short-term advances from a related party bear interest at 6% per annum compounded monthly, are unsecured, and have no specific terms of repayment. All transactions are measured at fair value. The related party is the Company's Chief Executive Officer.

7. Other Receivable

Other receivable includes an amount receivable from a former subsidiary related to Goods and Services Tax (GST) and Quebec Sales Tax (QST) charged by the Company. The amount is non-interest bearing and payable upon receipt of the invoice.

8. Property and Equipment

As at January 31, 2016	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of period	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298
Additions	6,670	58,599	-	-	72	65,341
Balance, end of period	1,252,493	285,705	45,004	186,126	45,311	1,814,639
Accumulated depreciation						
Balance, beginning of period	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of period	-	-	-	-	-	-
Net carrying amount as at January 31, 2016	$ 1,252,493	$ 285,705	$ 45,004	$ 186,126	$ 45,311	$ 1,814,639

8. Property and Equipment (continued)

As at July 31, 2015	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of year	$ 190,203	$ 68,483	$ -	$ -	$ -	$ 258,686
Additions	1,055,620	158,623	45,004	186,126	45,239	1,490,612
Balance, end of year	1,245,823	227,106	45,004	186,126	45,239	1,749,298
Accumulated depreciation						
Balance, beginning of year	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of year	-	-	-	-	-	-
Net carrying amount as at July 31, 2015	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298

9. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company had to pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in a separate Joint Venture Agreement entered into by the parties. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

9. Distribution and Licensing Rights (continued)

During the year ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment as it was re-negotiating the terms of the Agreement with the licensor.

During the year ended July 31, 2015 the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been expensed.

10. Short-term Advances

The short-term advances are non-interest bearing, unsecured, and have no specific terms of repayment.

11. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

12. GST and QST Payable

The amounts included in GST and QST payable represent amounts owed to Revenu Quebec for sales taxes collected by the Company, net of the amount of GST and QST paid on purchases made by the Company.

13. Due to Director

Due to director is non-interest bearing, unsecured, and has no specific terms of repayment.

14. Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured promissory notes:

a) Principal of $200,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 7, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $822 was outstanding and past due.

14. Promissory Notes (continued)

b) Principal of $160,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $658 was outstanding and past due.

c) Principal of $90,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $370 was outstanding and past due.

15. Convertible Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured convertible promissory notes:

a) Principal of $250,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at January 31, 2016, accounts payable and accrued liabilities included $10,000 of accrued interest related to this convertible promissory note.

b) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at January 31, 2016, accounts payable and accrued liabilities included $1,000 of accrued interest related to this convertible promissory note.

c) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding. As at January 31, 2016, accounts payable and accrued liabilities included $1,000 of accrued interest related to this convertible promissory note.

15. Convertible Promissory Notes (continued)

The holders of the convertible promissory notes have the unrestricted right, at the holder's option, to convert, in whole or in part, the unpaid principal balance, together with all accrued and unpaid interest into fully paid and nonassessable shares of common stock of the Company. The right to convert may be exercised by the holder at any time up to and including the maturity date of the convertible promissory note. The number of common shares into which the convertible promissory notes may or will be converted shall be determined by dividing the unpaid principal balance, together with all accrued and unpaid interest thereon, by the conversion price of $0.45 per share.

As the convertible promissory notes each contain a liability component and an equity component, the Company has split the proceeds of the convertible promissory notes and have presented the two components separately in the statement of financial position. The Company has calculated the initial fair value of the liability component as $274,876, using a discount rate of 36%. The fair value of the equity component of $18,466 was calculated by deducting the fair value of the liability component from the total fair value of the convertible promissory notes. The equity component also includes a deferred income tax component of $6,658 which has been disclosed separately on the condensed interim consolidated statement of financial position. The equity and deferred income tax components, in aggregate, represent a deemed discount on the convertible promissory notes. This discount will be accreted to the consolidated statement of loss and comprehensive loss over the term of the convertible promissory notes.

During the six months ended January 31, 2016, the Company recorded interest accretion expense of $1,231. The aggregate carrying value of the convertible promissory notes as at January 31, 2016 is calculated as follows:

Principal balance due August 4, 2015	$ 300,000
Less: fair value of conversion option	(18,466)
Less: deferred tax liability	(6,658)
Carrying value at May 6, 2015	274,876
Add: Interest accretion for the year	23,893
Balance, July 31, 2015	298,769
Add: Interest accretion for the period	1,231
Balance, January 31, 2016	$ 300,000

16. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following table summarizes the common share activities for the period ended January 31, 2016:

	Number of Common Shares	Share Capital
Balance, August 1, 2015	62,265,364	$ 7,996,114
Private placements (a)	3,000,000	300,000
Balance, January 31, 2016	65,265,364	$ 8,296,114

a) During the period ended January 31, 2016, the Company issued 3,000,000 common shares of the Company for proceeds of $300,000.

17. Warrants

The following table summarizes the warrant activities for the period ended January 31, 2016:

	Number of Warrants	Weighted Average Exercise Price
Balance - August 1, 2015 and January 31, 2016	5,487,723	$ 0.25

As at January 31, 2016, the Company had 5,487,723 warrants outstanding. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 12 months from the date of the close of the Transaction. During the period ended January 31, 2016, the Company extended the expiry date of the warrants to March 13, 2018. All other terms and conditions of the warrants remain unchanged.

18. Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board which shall not exceed five years from the date of grant, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

18. Stock Options (continued)

The following table summarizes the stock option activities for the period ended January 31, 2016:

	Number of Options	Weighted Average Exercise Price
Balance - August 1, 2015 and October 31, 2015	450,000	$ 0.46
Exercisable at January 31, 2016	-	$ -

As at January 31, 2016, the Company had 450,000 stock options outstanding. Each stock option entitles the holder to acquire one common share of the Company at a price of $0.46 at any time prior to June 5, 2020. The weighted average remaining contractual life of the options outstanding at January 31, 2016 is 4.25 years. The amount of share-based compensation for the period ended January 31, 2016 was $101,954.

19. Contributed Surplus

Balance, August 1, 2015	$ 634,368
Share-based compensation (note 18)	101,954
Balance, January 31, 2016	$ 736,322

20. Related Party Transactions and Balances

During the six months ended January 31, 2016 the Company incurred the following related party transactions:

a) A total of $114,753 (2015 - $104,433) in occupancy expenses were charged by a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at January 31, 2016, prepaid expenses included $56,302 (2015 - $66,302), deferred lease inducement included $13,320 (2015 - $9,387) and accounts payable and accrued liabilities included $98,045 (2015 - $13,729) payable to this company.

b) A total of $62,500 (2015 - $70,833) in consulting fees were charged by a company controlled by the Company's CEO, who is also a director of the Company. As at January 31, 2016, accounts payable and accrued liabilities included $88,479 (2015 - $11,300) payable to this company.

c) A total of $Nil (2015 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2015 - $8,269) were paid to an individual related to an officer and director of the Company.

d) A total of $16,075 of legal fees were charged by a law firm in which a former director of the Company is a partner. As at January 31, 2016, accounts payable and accrued liabilities included $118,652 payable to this law firm.

20. Related Party Transactions and Balances (continued)

e) A total of $43,500 of accounting fees were charged by an accounting firm in which a director and an officer of the Company are partners. As at January 31, 2016, accounts payable and accrued liabilities included $156,327 payable to this accounting firm.

f) A total of $13,860 of consulting fees were charged by a company controlled by the Company's CFO who is also a director of the Company. As at January 31, 2016, accounts payable and accrued liabilities included $135,604 payable to this company.

g) A total of $6,750 of directors fees were charged by directors of the Company, the full amount of which is included in accounts payable and accrued liabilities as at January 31, 2016.

h) The amount of stock-based compensation expense for the period ended January 31, 2016 related to 450,000 stock options granted during the year ended July 31, 2015 was $101,954.

Total compensation of $119,860 (2015 - $30,000) comprised entirely of short-term employee benefits were paid to the Company's CEO and its current and former CFO during the period ended January 31, 2016, and share-based payments of $101,954 (2014 - $Nil) were paid to the Company's CEO, former CFO and Board of Directors during the period ended January 31, 2016.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

21. Financial Instruments and Other Risks

License Risk

The Company is exposed to risk with respect to its application to Health Canada for a license to produce medical marijuana under the MMPR, as the Company cannot start generating revenue from the production of medical marijuana until the license is received. The Company engaged specialists who assisted in the preparation of the application and the Company continues to monitor the progress of the application with Health Canada.

Fair Values

The carrying amounts for the Company’s cash, other receivable, amounts due from a related company, short-term advance from a related party, accounts payable and accrued liabilities, amounts due to director, short term advances, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

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

21. Financial Instruments and Other Risks (continued)

Credit Risk

The Company is not exposed to any significant credit risk other than other receivable as at January 31, 2016. The Company's cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at January 31, 2016, the Company has current assets of $271,504 and current liabilities of $2,927,915. The Company has a working capital deficiency as at January 31, 2016 of $2,656,411. The Company raises capital as needed to mitigate its liquidity risk.

Currency Risk

The Company is exposed to currency risk on the outstanding balance of US$72,500 (2015 - US$Nil) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At January 31, 2016, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $10,208 (2015 - $Nil) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at January 31, 2016, all of the Company's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no significant interest rate risk associated with the Company's financial instruments.

21. Financial Instruments and Other Risks (continued)

Contractual Maturities of Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases related to operating and financing activities, and property and equipment. The usual credit period taken for trade purchases is between 30 to 90 days.

The following table includes an aged analysis of the Company's accounts payable and accrued liabilities:

	January 31, 2016	July 31, 2015
1 - 30 days	$ 26,591	$ 82,545
31 - 60 days	70,578	199,611
61 - 90 days	39,530	143,033
Greater than 91 days	1,679,573	1,035,392
Total trade payables	1,816,272	1,460,581
Accrued liabilities	125,064	101,038
Outstanding at period end	$ 1,941,336	$ 1,561,619

22. Commitments

The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$ 195,828
2017	$ 200,627
2018	$ 174,573
2019	$ 78,041

Condensed Interim Consolidated Financial Statements

Abba Medix Group Inc.

For the Three Month Periods Ended October 31, 2015 and 2014

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	October 31, 2015	July 31, 2015 (audited)
Assets		
Current Assets		
Cash	$ 185,446	$ 6,314
HST recoverable	116,368	83,458
Prepaid expenses and deposits	79,215	116,892
Other receivable (note 7)	103,627	103,627
	484,656	310,291
Property and Equipment (note 8)	1,812,419	1,749,298
	$ 2,297,075	$ 2,059,589
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 21)	$ 1,884,211	$ 1,561,619
GST and QST payable (note 12)	69,925	74,693
Due to director (note 13)	1,697	1,697
Short term advances (note 10)	48,000	-
Promissory notes (note 14)	450,000	450,000
Convertible promissory notes (note 15)	300,000	298,769
Short-term advances from related party (note 6)	132,630	138,130
	2,886,463	2,524,908
Deferred Income Tax Liability	326	326
Deferred Lease Inducement (note 11)	14,462	15,603
	2,901,251	2,540,837
Shareholders' Deficit		
Share Capital (note 16)	7,996,114	7,996,114
Share Subscriptions Payable (note 16)	300,000	-
Contributed Surplus (notes 17, 18 and 19)	685,345	634,368
Equity Component of Convertible Promissory Notes (note 15)	18,466	18,466
Deficit	(9,604,101)	(9,130,196)
	(604,176)	(481,248)
	$ 2,297,075	$ 2,059,589

Basis of Presentation and Going Concern (note 2)
Commitments (note 22)
Subsequent Events (note 23)

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

Approved on behalf of the Board

Signed "Ahmad Rasouli", Director   Signed "Paul Andersen", Director

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Month Periods Ended October 31, 2015 and 2014
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	2015	2014
Expenses		
Advertising and promotion (note 20)	$ 23,540	$ 16,150
Amortization of distribution and licensing rights (note 9)	-	14,960
Bank charges	557	512
Abandoned business acquisition costs	740	-
Consulting fees (note 20)	111,222	89,778
Directors fees (note 20)	3,750	-
Foreign exchange loss	(1,072)	(7,435)
Insurance	12,593	-
Interest on convertible and promissory notes (notes 14 and 15)	12,558	-
Interest on related party debt (note 6)	2,062	-
Interest accretion (note 15)	1,231	-
Listing and filing fees	5,937	-
Occupancy (note 22)	53,877	52,767
Office and general	6,914	19,683
Professional fees (note 20)	101,731	24,493
Salaries and benefits	84,079	28,859
Share based compensation (notes 18 and 19)	50,977	-
Training and education	-	1,470
Transaction costs (note 1)	-	252,708
Travel	3,209	1,178
	473,905	495,123
Loss before Income Taxes	(473,905)	(495,123)
Deferred Income Tax Recovery	-	-
Loss and comprehensive loss for the period	$ (473,905)	$ (495,123)
Loss per Share - basic and diluted	$ (0.01)	$ (0.02)
Weighted Average Number of Common Shares Outstanding - basic and diluted	62,265,364	32,297,088

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

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Month Periods Ended October 31, 2015 and 2014
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Number of Common Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Share Subscriptions Payable	Deficit	Total Equity (Deficit)
Opening balance as at August 1, 2015	62,265,364	$ 7,996,114	$ 634,368	$ 18,466	$ -	$ (9,130,196)	$ (481,248)
Share subscription proceeds	-	-	-	-	300,000	-	300,000
Share-based compensation (note 18)	-	-	50,977	-	-	-	50,977
Net loss for the period	-	-	-	-	-	(473,905)	(473,905)
Balance as at October 31, 2015	62,265,364	$ 7,996,114	$ 685,345	$ 18,466	$ 300,000	$ (9,604,101)	$ (604,176)

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

Abba Medix Group Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Month Periods Ended October 31, 2015 and 2014
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	Number of Common Shares	Issued Capital	Deficit	Total Equity
Opening balance as at August 1, 2014	1,000,000	$ 750,001	$ (254,776)	$ 495,225
Class A Common shares issued for cash	56,939	427,000	-	427,000
Net loss for the period	-	-	(495,123)	(495,123)
Balance as at October 31, 2014	1,056,939	$ 1,177,001	$ (749,899)	$ 427,102

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

Abba Medix Group Inc.

Condensed Interim Consolidated Cash Flow Statements
For the Three Month Periods Ended October 31, 2015 and 2014
Unaudited - See Notice to Reader
Stated in Canadian Dollars

	2015	2014
Operating Activities		
Net loss for the period	$ (473,905)	$ (495,123)
Items not affecting cash flows from operations:		
Transaction costs	-	252,708
Interest on convertible and promissory notes	12,558	-
Items not involving cash:		
Amortization of distribution and licensing rights	-	14,960
Stock-based compensation	50,977	-
Deferred lease inducement	(1,141)	(1,142)
Interest accretion	1,231	-
	(410,280)	(228,597)
Net changes in non-cash working capital:		
Decrease (increase) in HST recoverable	(32,910)	(118,197)
Decrease (increase) in prepaid expenses and deposits	37,677	(65,370)
Increase (decrease) GST and QST payable	(4,768)	-
Increase (decrease) in accounts payable and accrued liabilities	246,985	78,524
	246,984	(105,043)
	(163,296)	(333,640)
Investing Activities		
Property and equipment	(72)	(370,925)
Financing Activities		
Issuance of share capital	-	307,000
Share subscriptions payable	300,000	-
Short-term advances	48,000	129,325
Short-term advance to/ from related party	(5,500)	30,000
Due from related party	-	28,871
	342,500	495,196
Change in cash	179,132	(209,369)
Cash - beginning of period	6,314	213,962
Cash - end of period	$ 185,446	$ 4,593

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

1. Nature of Operations

Abba Medix Group Inc. (the "Company"), formerly "Saratoga Electronic Solutions Inc.", was incorporated September 29, 1982 under the Company Act of the Province of British Columbia and is listed on the Canadian Securities Exchange under the symbol "ABA". These condensed interim consolidated financial statements of the Company for the three month period ended October 31, 2015, comprise the results of the Company and its wholly-owned subsidiary Abba Medix Corp. ("Abba"). Abba has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations ("MMPR"). There is no assurance that any prospective project in the medical marijuana industry will be successfully initiated or completed. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

On February 24, 2015, the shareholders of Abba entered into a definitive share exchange agreement (the "Share Exchange Agreement") with the Company pursuant to which, each shareholder of Abba would exchange, transfer and assign all of the Class A Common shares of Abba he, she or it owns to the Company in consideration of the Company's issuance to such shareholder a number of common shares of the Company on the basis of thirty-two (32) common shares of the Company for each one (1) Class A Common share of Abba (the "Transaction").

Upon completion of the Transaction, the former shareholders of Abba became the controlling shareholders of the Company. For accounting purposes, Abba is the deemed acquirer and the Company the deemed acquired company, and accordingly, Abba's balances are accounted for at their carrying amounts and the Company's balances are accounted for at fair value. Since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

Following completion of the Transaction, Abba's shareholders held 42,780,064 of the 61,241,364 issued and outstanding common shares of the Company, while existing Company shareholders held the remaining 18,461,300 common shares.

The allocation of the fair value of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.234 per share)	$ 4,326,694
Net assets (liabilities) of the Company acquired	(209,364)
Deemed transaction costs	$ 4,536,058

The acquisition-date fair value of the consideration transferred by the Company for its interest in Abba is based on the number of equity interests Abba would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba. An adjustment has been booked to adjust the fair market value of the Company's equity interest in Abba accordingly.

1. Nature of Operations (continued)

The Company incurred other professional fees of $721,755 in connection with the Transaction that have been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015. Upon close of the transaction, the Company issued 5,511,723 warrants to a consultant pursuant to a consulting agreement (see note 17). The fair value of the warrants of $606,994 has been expensed as transaction costs on the statement of loss and comprehensive loss for the year ended July 31, 2015.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015. These condensed interim consolidated financial statements have not been subject to audit and were approved by the Company's Board of Directors on December 29, 2015.

b) Basis of Presentation

The condensed interim consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

c) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Abba.

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases. Abba is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba and has the ability to affect those returns through its power over Abba by way of its ownership of all of the issued and outstanding common shares of Abba.

The functional currency of the Company and Abba is the Canadian Dollar, which is the presentation currency of the condensed interim consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

2. Basis of Presentation and Going Concern (continued)

d) Going Concern

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future.

The Company's ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license to produce medical marijuana under the MMPR, and has not generated revenue from operations. During the three month period ended October 31, 2015, the Company incurred a net loss of $473,905 (2014 - $495,123) and as of that date, the Company's deficit was $9,604,101 (July 31, 2015 - $9,130,196). As at October 31, 2015, the Company has current assets of $484,656 (July 31, 2015 - $310,291) and current liabilities of $2,886,463 (July 31, 2015 - $2,524,908) resulting in a working capital deficiency of $2,401,807 (July 31, 2015 - $2,214,617).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended July 31, 2015.

4. Future Accounting Pronouncements

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

4. Future Accounting Pronouncements (continued)

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its condensed interim consolidated financial statements.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the valuation of deferred taxes, impairment of its financial and non-financial assets, evaluation of contingencies, inputs used in accounting for share-based payment transactions and in the valuation of options and warrants included in shareholders' equity, including volatility, the fair value of financial instruments and the determination of the discount rate used to estimate the fair value of the liability component of convertible promissory notes.

Management has determined that judgments, estimates and assumptions reflected in these condensed interim consolidated financial statements are reasonable.

6. Short-term Advances from Related Party

The short-term advances from a related party bear interest at 6% per annum compounded monthly, are unsecured, and have no specific terms of repayment. All transactions are measured at fair value. The related party is the Company's Chief Executive Officer.

7. Other Receivable

Other receivable includes an amount receivable from a former subsidiary related to Goods and Services Tax (GST) and Quebec Sales Tax (QST) charged by the Company. The amount is non-interest bearing and payable upon receipt of the invoice.

8. Property and Equipment

As at October 31, 2015	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of year	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298
Additions	4,450	58,599	-	-	72	63,121
Balance, end of year	1,250,273	285,705	45,004	186,126	45,311	1,812,419
Accumulated depreciation						
Balance, beginning of year	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of year	-	-	-	-	-	-
Net carrying amount as at October 31, 2015	$ 1,250,273	$ 285,705	$ 45,004	$ 186,126	$ 45,311	$ 1,812,419

8. Property and Equipment (continued)

As at July 31, 2015	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of year	$ 190,203	$ 68,483	$ -	$ -	$ -	$ 258,686
Additions	1,055,620	158,623	45,004	186,126	45,239	1,490,612
Balance, end of year	1,245,823	227,106	45,004	186,126	45,239	1,749,298
Accumulated depreciation						
Balance, beginning of year	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of year	-	-	-	-	-	-
Net carrying amount as at July 31, 2015	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298

9. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company had to pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in a separate Joint Venture Agreement entered into by the parties. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

9. Distribution and Licensing Rights (continued)

During the year ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment as it was re-negotiating the terms of the Agreement with the licensor.

During the year ended July 31, 2015 the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been expensed.

10. Short-term Advances

The short-term advances are non-interest bearing, unsecured, and have no specific terms of repayment.

11. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

12. GST and QST Payable

The amounts included in GST and QST payable represent amounts owed to Revenu Quebec for sales taxes collected by the Company, net of the amount of GST and QST paid on purchases made by the Company.

13. Due to Director

Due to director is non-interest bearing, unsecured, and has no specific terms of repayment.

14. Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured promissory notes:

a) Principal of $200,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 7, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $822 was outstanding and past due.

14. Promissory Notes (continued)

b) Principal of $160,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $658 was outstanding and past due.

c) Principal of $90,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these condensed interim consolidated financial statements, the principal of this promissory note and accrued interest of $370 was outstanding and past due.

15. Convertible Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured convertible promissory notes:

a) Principal of $250,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

b) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

c) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

The holders of the convertible promissory notes have the unrestricted right, at the holder's option, to convert, in whole or in part, the unpaid principal balance, together with all accrued and unpaid interest into fully paid and nonassessable shares of common stock of the Company. The right to convert may be exercised by the holder at any time up to and including the maturity date of the convertible promissory note. The number of common shares into which the convertible promissory notes may or will be converted shall be determined by dividing the unpaid principal balance, together with all accrued and unpaid interest thereon, by the conversion price of $0.45 per share.

15. Convertible Promissory Notes (continued)

As the convertible promissory notes each contain a liability component and an equity component, the Company has split the proceeds of the convertible promissory notes and have presented the two components separately in the statement of financial position. The Company has calculated the initial fair value of the liability component as $274,876, using a discount rate of 36%. The fair value of the equity component of $18,466 was calculated by deducting the fair value of the liability component from the total fair value of the convertible promissory notes. The equity component also includes a deferred income tax component of $6,658 which has been disclosed separately on the consolidated statement of financial position. The equity and deferred income tax components, in aggregate, represent a deemed discount on the convertible promissory notes. This discount will be accreted to the consolidated statement of loss and comprehensive loss over the term of the convertible promissory notes.

During the three months ended October 31, 2015, the Company recorded interest accretion expense of $1,231. The aggregate carrying value of the convertible promissory notes as at October 31, 2015 is calculated as follows:

Principal balance due August 4, 2015	$	300,000
Less: fair value of conversion option		(18,466)
Less: deferred tax liability		(6,658)
Carrying value at May 6, 2015		274,876
Add: Interest accretion for the year		23,893
Balance, July 31, 2015		298,769
Add: Interest accretion for the period		1,231
Balance, October 31, 2015	$	300,000

16. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following table summarizes the common share activities for the period ended October 31, 2015:

	Number of Common Shares		Share Capital
Balance, August 1, 2015 and October 31, 2015	62,265,364	$	7,996,114

a) During the period ended October 31, 2015, the Company received subscriptions for 3,000,000 common shares of the Company for proceeds fo $300,000. As at October 31, 2015, the shares had yet to be issud and the proceeds were recorded as share subscriptions payable. Subsequent to October 31, 2015, the Company issued the common shares.

17. Warrants

The following table summarizes the warrant activities for the period ended October 31, 2015:

	Number of Warrants	Weighted Average Exercise Price
Balance - August 1, 2015 and October 31, 2015	5,487,723	$ 0.25

As at October 31, 2015, the Company had 5,487,723 warrants outstanding. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 12 months from the date of the close of the Transaction.

18. Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board which shall not exceed five years from the date of grant, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

The following table summarizes the stock option activities for the period ended October 31, 2015:

	Number of Options	Weighted Average Exercise Price
Balance - August 1, 2015 and October 31, 2015	450,000	$ 0.46
Exercisable at October 31, 2015	-	$ -

As at October 31, 2015, the Company had 450,000 stock options outstanding. Each stock option entitles the holder to acquire one common share of the Company at a price of $0.46 at any time prior to June 5, 2020. The weighted average remaining contractual life of the options outstanding at October 31, 2015 is 4.50 years. The amount of share-based compensation for the period ended October 31, 2015 was $50,977.

19. Contributed Surplus

Balance, August 1, 2015	$ 634,368
Share-based compensation (note 18)	50,977
Balance, October 31, 2015	$ 685,345

20. Related Party Transactions and Balances

During the period ended October 31, 2015 the Company incurred the following related party transactions:

a) A total of $53,440 (2014 - $46,793) in occupancy expenses was charged by a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at October 31, 2015, prepaid expenses included $58,802 (2014 - $72,228), deferred lease inducement included $14,462 (2014 - $10,528) and accounts payable and accrued liabilities included $73,152 (2014 - $7,743) payable to this company.

b) A total of $62,500 (2014 - $30,000) in consulting fees was charged by a company controlled by the Company's CEO, who is also a director of the Company. As at October 31, 2015, accounts payable and accrued liabilities included $104,479 (2014 - $11,300) payable to this company.

c) A total of $Nil (2014 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2014 - $6,287) were paid to an individual related to an officer and director of the Company.

d) A total of $16,075 of legal fees were charged by a law firm in which a director of the Company is a partner. As at October 31, 2015, accounts payable and accrued liabilities included $118,652 payable to this law firm.

e) A total of $12,000 of accounting fees were charged by an accounting firm in which a director of the Company is a partner. As at October 31, 2015, accounts payable and accrued liabilities included $118,652 payable to this accounting firm.

f) A total of $10,500 of consulting fees were charged by a company controlled by the Company's CFO who is also a director of the Company. As at October 31, 2015, accounts payable and accrued liabilities included $131,807 payable to this company.

g) A total of $3,750 of directors fees were charged by directors of the Company, the full amount of which is included in accounts payable and accrued liabilities as at October 31, 2015.

h) The amount of stock-based compensation expense for the period ended October 31, 2015 related to 450,000 stock options granted during the year ended July 31, 2015 was $50,977.

Total compensation of $73,000 (2014 - $30,000) comprising short-term employee benefits of $73,000 (2014 - $30,000) were paid to the Company's CEO and CFO during the period ended October 31, 2015, and share-based payments of $50,977 (2014 - $Nil) were paid to the Company's CEO, CFO and Board of Directors during the period ended October 31, 2015.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

21. Financial Instruments and Other Risks

License Risk

The Company is exposed to risk with respect to its application to Health Canada for a license to produce medical marijuana under the MMPR, as the Company cannot start generating revenue from the production of medical marijuana until the license is received. The Company engaged specialists who assisted in the preparation of the application and the Company continues to monitor the progress of the application with Health Canada.

Fair Values

The carrying amounts for the Company's cash, other receivable, amounts due from a related company, short-term advance to a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

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

Credit Risk

The Company is not exposed to any significant credit risk other than other receivable as at October 31, 2015. The Company's cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at October 31, 2015, the Company has current assets of $484,656 and current liabilities of $2,886,463. The Company has a working capital deficiency as at October 31, 2015 of $2,401,807. The Company raises capital as needed to mitigate its liquidity risk.

Currency Risk

The Company is exposed to currency risk on the outstanding balance of US$72,500 (2014 - US$250,000) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At October 31, 2015, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $9,479 (2014 - $27,260) higher (lower).

21. Financial Instruments and Other Risks (continued)

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at October 31, 2015, all of the Company's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no significant interest rate risk associated with the Company's financial instruments.

Contractual Maturities of Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases related to operating and financing activities, and property and equipment. The usual credit period taken for trade purchases is between 30 to 90 days.

The following table includes an aged analysis of the Company's accounts payable and accrued liabilities:

	October 31, 2015	July 31, 2015
1 - 30 days	$ 56,743	$ 82,545
31 - 60 days	126,859	199,611
61 - 90 days	169,644	143,033
Greater than 91 days	1,389,495	1,035,392
Total trade payables	1,742,741	1,460,581
Accrued liabilities	141,470	101,038
Outstanding at period end	$ 1,884,211	$ 1,561,619

22. Commitments

The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$ 195,828
2017	$ 200,627
2018	$ 174,573
2019	$ 78,041

23. Subsequent Event

Subsequent to the period ended October 31, 2015, the Company issued 3,000,000 common shares of the Company for gross proceeds of $300,000 received during the period ended October 31, 2015 pursuant to a non-brokered private placement.

Consolidated Financial Statements

Abba Medix Group Inc.

(Formerly Saratoga Electronic Solutions Inc.)

For the year ended July 31, 2015 and the period from August 21, 2013 (date of incorporation) to July 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

We have audited the accompanying consolidated financial statements of Abba Medix Group Inc. and its subsidiary, which comprise the consolidated statement of financial position as at July 31, 2015 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year 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 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 audit. We conducted our audit 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 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 Abba Medix Group Inc. and its subsidiary, as at July 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes the material uncertainties that cast significant doubt about Abba Medix Group Inc.'s ability to continue as a going concern.

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Other Matter

The financial statements for the period ended July 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements dated September 4, 2014.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
November 30, 2015
Toronto,Ontario

Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

Consolidated Statements of Financial Position as at July 31
Stated in Canadian Dollars

	2015	2014
Assets		
Current Assets		
Cash	$ 6,314	$ 213,962
HST recoverable	83,458	59,889
Prepaid expenses and deposits	116,892	63,302
Due from related company (note 5)	-	8,871
Short-term advance to related party (note 6)	-	25,000
Other receivable (note 8)	103,627	-
	310,291	371,024
Distribution and Licensing Rights (note 10)	-	314,500
Property and Equipment (note 9)	1,749,298	258,686
	$ 2,059,589	$ 944,210
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 23)	$ 1,561,619	$ 437,315
GST and QST payable (note 12)	74,693	-
Due to director (note 13)	1,697	-
Promissory notes (note 14)	450,000	-
Convertible promissory notes (note 15)	298,769	-
Short-term advances from related party (note 7)	138,130	-
	2,524,908	437,315
Deferred Income Tax Liability (note 20)	326	-
Deferred Lease Inducement (note 11)	15,603	11,670
	2,540,837	448,985
Shareholders' Deficit		
Share Capital (note 16)	7,996,114	750,001
Contributed Surplus (notes 18 and 19)	634,368	-
Equity Component of Convertible Promissory Notes (note 15)	18,466	-
Deficit	(9,130,196)	(254,776)
	(481,248)	495,225
	$ 2,059,589	$ 944,210

Basis of Presentation and Going Concern (note 2)
Commitments (note 25)
Subsequent Events (note 26)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board

Signed "Ahmad Rasouli" , Director   Signed "Richard Vallee" , Director

Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

Consolidated Statements of Loss and Comprehensive Loss
For the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014
Stated in Canadian Dollars

	2015	2014
Expenses		
Advertising and promotion (note 22)	$ 252,725	$ 2,674
Amortization of distribution and licensing rights (note 10)	14,960	5,330
Bank charges	2,102	127
Abandoned business acquisition costs	380,177	-
Consulting fees (note 22)	1,043,271	137,500
Directors fees (note 22)	8,500	-
Foreign exchange loss	3,533	6,665
Insurance	23,443	-
Interest on convertible and promissory notes (notes 14 and 15)	19,256	-
Interest on related party debt (note 7)	2,936	-
Interest accretion (note 15)	23,893	-
License and registration fees	138,986	-
Listing and filing fees	38,375	-
Occupancy (note 25)	232,961	72,841
Office and general	70,012	3,206
Professional fees (note 22)	360,570	26,433
Salaries and benefits	339,529	-
Share based compensation (notes 18 and 19)	29,690	-
Training and education	8,272	-
Transaction costs (note 1)	5,864,807	-
Travel	23,754	-
	8,881,752	254,776
Loss before Income Taxes	(8,881,752)	(254,776)
Deferred Income Tax Recovery (note 20)	(6,332)	-
Loss and comprehensive loss for the year	$ (8,875,420)	$ (254,776)
Loss per Share - basic and diluted	$ (0.16)	$ (0.02)
Weighted Average Number of Common Shares Outstanding - basic and diluted	55,410,758	11,074,784

The accompanying notes form an integral part of these consolidated financial statements.

Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

Consolidated Statements of Changes in Shareholders' Equity
For the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014
Stated in Canadian Dollars

	Number of Common Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Promissory Notes	Deficit	Total Equity (Deficit)
Opening balance as at August 1, 2014	1,000,000	$ 750,001	$ -	$ -	$ (254,776)	$ 495,225
Common shares issued for cash (note 16b)	322,011	2,414,900	-	-	-	2,414,900
Share issuance costs (note 16b)	-	(15,297)	-	-	-	(15,297)
Common shares issued as settlement of trade payables (note 16c)	14,866	111,500	-	-	-	111,500
Additional Common shares issued to shareholders of Abba pursuant to the Transaction (note 16d)	41,443,187	-	-	-	-	-
Common shares issued to pre-Transaction shareholders of the Company pursuant to the Transaction (note 1)	18,461,300	4,326,694	-	-	-	4,326,694
Warrants issued in connection with the Transaction (note 17)	-	-	606,994	-	-	606,994
Allocation of convertible promissory note proceeds (note 15)	-	-	-	18,466	-	18,466
Common shares issued pursuant to the exercise of warrants (note 16e)	24,000	8,316	(2,316)	-	-	6,000
Common shares issued to a consultant (note 16f)	1,000,000	400,000	-	-	-	400,000
Share-based compensation (note 18)	-	-	29,690	-	-	29,690
Net loss for the year	-	-	-	-	(8,875,420)	(8,875,420)
Balance as at July 31, 2015	62,265,364	$ 7,996,114	$ 634,368	$ 18,466	$ (9,130,196)	$ (481,248)

The accompanying notes form an integral part of these consolidated financial statements.

Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

Consolidated Statements of Changes in Shareholders' Equity
For the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014
Stated in Canadian Dollars

	Number of Common Shares	Issued Capital	Deficit	Total Equity
Opening balance as at August 21, 2013 upon incorporation	-	$ -	$ -	$ -
Class A Common shares issued for cash (note 16a)	1,000,000	750,001	-	750,001
Net loss for the period	-	-	(254,776)	(254,776)
Balance as at July 31, 2014	1,000,000	$ 750,001	$ (254,776)	$ 495,225

The accompanying notes form an integral part of these consolidated financial statements.

Abba Medix Group Inc. (Formerly Saratoga Electronic Solutions Inc.)

Cosnolidated Cash Flow Statements
For the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014
Stated in Canadian Dollars

	2015	2014
Operating Activities		
Net loss for the year	$ (8,875,420)	$ (254,776)
Items not affecting cash flows from operations:		
Transaction costs	5,143,052	
Abandoned business acquisition costs	299,540	
Interest on convertible and promissory notes	19,256	
Items not involving cash:		
Amortization of distribution and licensing rights	14,960	5,330
Stock-based compensation	29,690	-
Expenses paid in common shares of the Company	400,000	-
Deferred lease inducement	3,933	11,670
Interest accretion	23,893	-
Deferred income tax recovery	(6,332)	-
	(2,947,428)	(237,776)
Net changes in non-cash working capital (note 21):		
Decrease (increase) in HST recoverable	(23,569)	(59,889)
Decrease (increase) in prepaid expenses and deposits	(53,590)	(63,302)
Increase (decrease) GST and QST payable	(20,151)	-
Increase (decrease) in accounts payable and accrued liabilities	789,890	77,123
	692,580	(46,068)
	(2,254,848)	(283,844)
Investing Activities		
Distribution and licensing rights	-	(53,895)
Property and equipment	(1,267,430)	(164,429)
Cash acquired upon completion of Transaction	876	-
	(1,266,554)	(218,324)
Financing Activities		
Issuance of share capital	2,420,900	750,001
Share issuance costs	(15,297)	-
Promissory notes	450,000	-
Convertible promissory notes	300,000	-
Interest on convertible and promissory notes	(13,850)	-
Short-term advance to/ from related party	163,130	(25,000)
Due from related party	8,871	(8,871)
	3,313,754	716,130
Change in cash	(207,648)	213,962
Cash - beginning of year	213,962	-
Cash - end of year	$ 6,314	$ 213,962
Significant Non-Cash Transactions Not Disclosed Above		
Common shares issued pursuant to settlement of accounts payable (note16c)	$ 111,500	$ -
Deemed transaction costs (note 1)	$ 4,536,807	$ -
Warrants issued in connection with the Transaction (note 1)	$ 606,994	$ -

The accompanying notes form an integral part of these consolidated financial statements.

1. Nature of Operations

Abba Medix Group Inc. (the "Company"), formerly "Saratoga Electronic Solutions Inc.", was incorporated September 29, 1982 under the Company Act of the Province of British Columbia and is listed on the Canadian Securities Exchange under the symbol "ABA". These consolidated financial statements of the Company for the year ended July 31, 2015, comprise the results of the Company and its wholly-owned subsidiary Abba Medix Corp. ("Abba"). Abba has applied to Health Canada for a license to produce medical marijuana under the Marihuana for Medical Purposes Regulations ("MMPR"). There is no assurance that any prospective project in the medical marijuana industry will be successfully initiated or completed. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

On February 24, 2015, the shareholders of Abba entered into a definitive share exchange agreement (the "Share Exchange Agreement") with the Company pursuant to which, each shareholder of Abba would exchange, transfer and assign all of the Class A Common shares of Abba he, she or it owns to the Company in consideration of the Company's issuance to such shareholder a number of common shares of the Company on the basis of thirty-two (32) common shares of the Company for each one (1) Class A Common share of Abba (the "Transaction").

Upon completion of the Transaction, the former shareholders of Abba became the controlling shareholders of the Company. For accounting purposes, Abba is the deemed acquirer and the Company the deemed acquired company, and accordingly, Abba's balances are accounted for at their carrying amounts and the Company's balances are accounted for at fair value. Since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

Following completion of the Transaction, Abba's shareholders held 42,780,064 of the 61,241,364 issued and outstanding common shares of the Company, while existing Company shareholders held the remaining 18,461,300 common shares.

The allocation of the fair value of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.234 per share)	$ 4,326,694
Net assets (liabilities) of the Company acquired	(209,364)
Deemed transaction costs	$ 4,536,058

The acquisition-date fair value of the consideration transferred by the Company for its interest in Abba is based on the number of equity interests Abba would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba. An adjustment has been booked to adjust the fair market value of the Company's equity interest in Abba accordingly.

The Company incurred other professional fees of $721,755 in connection with the Transaction that have been expensed as transaction costs on the statement of loss and comprehensive loss. Upon close of the transaction, the Company issued 5,511,723 warrants to a consultant pursuant to a consulting agreement (see note 17). The fair value of the warrants of $606,994 has been expensed as transaction costs on the statement of loss and comprehensive loss.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and their interpretations issued by the IFRS Interpretations Committee ("IFRIC") and were approved by the Company's Board of Directors on November 30, 2015.

b) Basis of Presentation

The consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in note 3.

c) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Abba.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba and has the ability to affect those returns through its power over Abba by way of its ownership of all of the issued and outstanding common shares of Abba.

The functional currency of the Company and Abba is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

d) Going Concern

These consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future.

The Company's ability to continue as a going concern is dependent upon, but not limited to, obtaining a licence to produce medical marijuana under the MMPR, and its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license to produce medical marijuana under the MMPR, and has not generated revenue from operations. During the year ended July 31, 2015, the Company incurred a net loss of $8,875,420 (period ended July 31, 2014 - $254,776) and as of that date, the Company's deficit was $9,130,196 (2014 - $254,776). As at July 31, 2015, the Company has current assets of $310,291 (2014 - $371,024) and current liabilities of $2,524,908 (2014 - $437,315) resulting in a working capital deficiency of $2,214,617 (2014 - $66,291).

2. Basis of Presentation and Going Concern (continued)

d) Going Concern (continued)

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

3. Significant Accounting Policies

Cash

Cash includes bank deposits at a reputable financial institution in Canada with an original maturity of three months or less which are readily convertible into a known amount of cash.

Accounts Payable and Accrued Liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle this obligation are both probable and able to be reliably measured.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses, if any.

As at July 31, 2015, the Company was in the process of completing construction of its premises for purposes of obtaining its licence from Health Canada. Although the Company has capitalized the amounts spent on property and equipment, as at July 31, 2015, the assets were not determined to be available for use as intended by management, and as such, the Company's property and equipment have not been amortized during the year ended July 31, 2015.

3. Significant Accounting Policies (continued)

Property and Equipment (continued)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs of disposal and their value in use. Fair value is the price at which the asset could be bought or sold in an orderly transaction between market participants. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Intangible Assets

Intangible assets are initially measured at cost. The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. If impairment indicators are present, these assets are subject to an impairment review. Amortization is calculated using the straight line method over the estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified.

The Company's intangible asset included amounts charged to obtain distribution and licensing rights (see note 10). The useful life of the distribution and licensing rights was determined to be five years, and as such, the Company amortized the distribution and licensing rights on a straight-line basis over that period. During the year ended July, 31, 2015, the distribution and licensing rights were cancelled, and as such, the Company's remaining intangible asset was determined to be impaired.

Impairment of Non-Financial Assets

For all non-financial assets, except for intangible assets with indefinite useful lives and intangible assets not yet available for use, the Company reviews its carrying amount at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. Where such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, 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. Impairment losses are recognized in the consolidated statement of comprehensive income (loss).

3. Significant Accounting Policies (continued)

Impairment of Non-Financial Assets (continued)

Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in profit or loss.

Impairment of Financial Assets

An impairment loss in respect of a financial asset measured at amortized cost, such as accounts receivable and lease inducement receivable, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the corresponding asset.

The Company has assessed its assets, and has determined that conditions indicating potential impairment were not present as at July 31, 2015 and July 31, 2014.

Foreign Currency Translation

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the statement of loss and comprehensive loss.

Deferred Taxes

Deferred taxes are determined, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the date of the statement of financial position are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax is charged or credited in the statement of loss and comprehensive loss, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is treated accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant Accounting Policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As of July 31, 2015 and 2014, the Company did not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial Instruments

Financial assets and liabilities within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) are classified as financial assets or liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets and liabilities at initial recognition.

All of the Company's financial instruments are initially measured at fair value, with subsequent measurements dependent upon the classification of each financial instrument.

Financial assets classified as fair value through profit or loss include cash which is measured at fair value, with all gains and losses included in net loss in the period in which they arise. Loans and receivables, which includes amounts due from related company and short-term advance to related party and other receivable, are recorded at amortized cost less impairment losses.

Other financial liabilities, which include accounts payable and accrued liabilities, amounts due to a director, promissory notes, convertible promissory notes and short-term advance from related party are recorded at amortized cost using the effective interest method.

The effective interest method is used to calculate the amortized cost of a financial asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that is used to discount estimated future cash receipts or payments over the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company does not have any derivatives designated as hedging instruments in an effective hedge.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

The Company's financial assets and liabilities recorded at fair value on the statement of financial position or disclosed in the notes have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at July 31, 2015, the Company's cash is categorized as Level I measurement. The Company does not hold any Level II or III financial assets or liabilities.

Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of common shares outstanding from August 21, 2013 to the acquisition date was computed on the basis of the weighted average number of common shares of Abba multiplied by the exchange ratio established in the Share Exchange Agreement.

Share Based Payments

Share Based Payment Transactions

Directors of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the fair value of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at fair value of the equity instruments granted. The fair value of the share based payments is recognized together with a corresponding increase in equity over a period that services are provided or goods are received.

3. Significant Accounting Policies (continued)

Share Based Payments (continued)

Equity Settled Transactions

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted, incorporating the Black-Scholes option pricing model.

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of loss per share.

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received net of tax. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Share Capital

In situations where the Company issues warrants, the value of warrants is included in the Company’s contributed surplus.

Changes in Accounting Policies

During the period ended July 31, 2015, the Company adopted the revisions to IAS 32 "Financial Instruments: Presentation" which included amendments to provide application guidance on the offsetting of financial assets and financial liabilities. The adoption of these revisions did not have an impact on these consolidated financial statements.

3. Significant Accounting Policies (continued)

Future Accounting Pronouncements

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its consolidated financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, the valuation of deferred taxes, impairment of its financial and non-financial assets, evaluation of contingencies, inputs used in accounting for share-based payment transactions and in the valuation of options and warrants included in shareholders' equity, including volatility, the fair value of financial instruments and the determination of the discount rate used to estimate the fair value of the liability component of convertible promissory notes.

Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

5. Due from Related Company

The amount due from a related company was non-interest bearing, unsecured, and had no specific terms of repayment. The transaction was measured at fair value. The related company is controlled by a shareholder of one of the Company's corporate shareholders.

6. Short-term Advance to Related Party

The short-term advance to a related party was non-interest bearing, unsecured, and had no specific terms of repayment. The transaction was measured at fair value. The related party is the Company's Chief Executive Officer.

7. Short-term Advances from Related Party

The short-term advances from a related party bear interest at 6% per annum compounded monthly, are unsecured, and have no specific terms of repayment. All transactions are measured at fair value. The related party is the Company's Chief Executive Officer.

8. Other Receivable

Other receivable includes an amount receivable from a former subsidiary related to Goods and Services Tax (GST) and Quebec Sales Tax (QST) charged by the Company. The amount is non-interest bearing and payable upon receipt of the invoice.

9. Property and Equipment

As at July 31, 2015	Leasehold Improvements	Security Equipment	Computer Equipment	Manufacturing Equipment	Office Furniture and Equipment	Total
Cost						
Balance, beginning of year	$ 190,203	$ 68,483	$ -	$ -	$ -	$ 258,686
Additions	1,055,620	158,623	45,004	186,126	45,239	1,490,612
Balance, end of year	1,245,823	227,106	45,004	186,126	45,239	1,749,298
Accumulated depreciation						
Balance, beginning of year	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, end of year	-	-	-	-	-	-
Net carrying amount as at July 31, 2015	$ 1,245,823	$ 227,106	$ 45,004	$ 186,126	$ 45,239	$ 1,749,298

9. Property and Equipment (continued)

As at July 31, 2014	Leasehold Improvements	Security Equipment	Total
Cost			
Balance, beginning of period	$ -	$ -	$ -
Additions	190,203	68,483	258,686
Balance, end of period	190,203	68,483	258,686
Accumulated depreciation			
Balance, beginning of period	-	-	-
Depreciation	-	-	-
Balance, end of period	-	-	-
Net carrying amount as at July 31, 2014	$ 190,203	$ 68,483	$ 258,686

10. Distribution and Licensing Rights

During the period ended July 31, 2014, the Company entered into a License and Distribution Agreement (the "Agreement") that granted to the Company the right to use certain properties (the "Authored Work") in certain geographical regions. Pursuant to the Agreement, the licensor granted to the Company the ability to sublicense the Authored Work in any of the described geographical regions, with written notice to the licensor. Further, the licensor shall grant right to the Company for any and all products that the licensor shall produce, including succeeding versions, upgrades and additional versions of the Authored Work and all other products that the licensor may produce in the medicinal marijuana market. In the event that the Company declines to license and/ or distribute any products developed by the licensor, the Company shall give written notice as to its intention to the licensor.

The Company had to pay to the licensor a royalty which shall be calculated as fifteen percent (15%) of gross profits resulting in any way from the Authored Work. An Advance Royalty Payment in the amount of US$300,000 ($319,830) was due at the execution of the Agreement, payable as to US$50,000 in cash upon execution of the Agreement, US$50,000 in cash thirty days from the execution of the Agreement, and the balance to be paid in cash, stock of the Company if the Company is publicly traded or in equity of the Joint Venture described in a separate Joint Venture Agreement entered into by the parties. In connection with the Joint Venture Agreement, the licensor shall have the right and obligation to convert its share in the equity of the Joint Venture into common shares of the Company, if and when the Company becomes a publicly traded company, at which time, the remaining Advance Royalty Payment will be deemed to have been converted and no further obligation from the Company will exist. If the Company does not become a publicly traded company, then the licensor shall have the right to convert the remaining Advance Royalty Payment into equity in the Joint Venture. In the event that the Company distributes products produced by the licensor, in its described geographical region, the Company will purchase such product at a discount of 85% of the gross wholesale profit.

10. Distribution and Licensing Rights (continued)

During the year ended July 31, 2014, the Company paid US$50,000 ($53,895) of the Advance Royalty Payment. As at July 31, 2014, accounts payable and accrued liabilities included US$250,000 ($272,600) related to the Advance Royalty Payment. The Company was required to make the second payment of US$50,000 during the period ended July 31, 2014, but did not make the payment as it was re-negotiating the terms of the Agreement with the licensor.

During the year ended July 31, 2015 the Agreement was terminated by mutual consent of both parties. As a result of the termination, the remaining obligation of US$250,000 was cancelled and the unamortized balance of the initial US$50,000 payment has been expensed.

11. Lease Inducements

Upon signing two leases, the Company received lease inducements including certain rent-free periods. These lease inducements are being amortized to rent expense on a straight-line basis over the term of the leases. The leases will expire on January 31, 2019.

12. GST and QST Payable

The amounts included in GST and QST payable represent amounts owed to Revenu Quebec for sales taxes collected by the Company, net of the amount of GST and QST paid on purchases made by the Company.

13. Due to Director

Due to director is non-interest bearing, unsecured, and has no specific terms of repayment.

14. Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured promissory notes:

a) Principal of $200,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 7, 2015, the date which is sixty days following the date of the promissory note. As of the date of these consolidated financial statements, the principal of this promissory note and accrued interest of $822 was outstanding and past due.

b) Principal of $160,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these consolidated financial statements, the principal of this promissory note and accrued interest of $658 was outstanding and past due.

14. Promissory Notes (continued)

c) Principal of $90,000 with interest accrued at a rate of 2.5% per annum, with principal and interest due and payable on the earlier of: (i) upon demand by the Lender at any time after the Company closes its next round of private placement equity financing; and June 1, 2015, the date which is sixty days following the date of the promissory note. As of the date of these consolidated financial statements, the principal of this promissory note and accrued interest of $370 was outstanding and past due.

15. Convertible Promissory Notes

During the year ended July 31, 2015, the Company issued the following unsecured convertible promissory notes:

a) Principal of $250,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

b) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

c) Principal of $25,000 with interest at a rate of 2% per month due and payable on a monthly basis beginning 30 days from the effective date until the maturity date of August 4, 2015. The outstanding principal amounts shall be due and payable on August 4, 2015. As of the date of these financial statements the principal of this convertible promissory note was still outstanding.

The holders of the convertible promissory notes have the unrestricted right, at the holder's option, to convert, in whole or in part, the unpaid principal balance, together with all accrued and unpaid interest into fully paid and nonassessable shares of common stock of the Company. The right to convert may be exercised by the holder at any time up to and including the maturity date of the convertible promissory note. The number of common shares into which the convertible promissory notes may or will be converted shall be determined by dividing the unpaid principal balance, together with all accrued and unpaid interest thereon, by the conversion price of $0.45 per share.

15. Convertible Promissory Notes (continued)

As the convertible promissory notes each contain a liability component and an equity component, the Company has split the proceeds of the convertible promissory notes and have presented the two components separately in the statement of financial position. The Company has calculated the initial fair value of the liability component as $274,876, using a discount rate of 36%. The fair value of the equity component of $18,466 was calculated by deducting the fair value of the liability component from the total fair value of the convertible promissory notes. The equity component also includes a deferred income tax component of $6,658 which has been disclosed separately on the consolidated statement of financial position. The equity and deferred income tax components, in aggregate, represent a deemed discount on the convertible promissory notes. This discount will be accreted to the consolidated statement of loss and comprehensive loss over the term of the convertible promissory notes.

During the year ended July 31, 2015, the Company recorded interest accretion expense of $23,893 and accrued interest as at July 31, 2015 in the amount of $4,534. The aggregate carrying value of the convertible promissory notes as at July 31, 2015 is calculated as follows:

Principal balance due August 4, 2015	$	300,000
Less: fair value of conversion option		(18,466)
Less: deferred tax liability		(6,658)
Carrying value at May 6, 2015		274,876
Add: Interest accretion for the year		23,893
Balance, July 31, 2015	$	298,769

16. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following table summarizes the common share activities for the year ended July 31, 2015, and the period from August 21, 2103 to July 31, 2014:

	Number of Common Shares		Share Capital
Balance, August 21, 2013	-	$	-
Private placements (a)	1,000,000		750,001
Balance, July 31, 2014	1,000,000		750,001
Private placements, net of issuance costs (b)	322,011		2,399,603
Issued as settlement of trade payables (c)	14,866		111,500
Issued to shareholders of Abba upon completion of Transaction (c)	41,443,187		-
Issued pursuant to warrant exercise (e)	24,000		8,316
Issued to consultant (f)	1,000,000		400,000
Effects of Transaction (note 1)	18,461,300		4,326,694
Balance, July 31, 2015	62,265,364	$	7,996,114

16. Share Capital (continued)

a) During the period from August 21, 2013 to July 31, 2014, Abba issued 1,000,000 common shares for proceeds of $750,001 pursuant to private placements.

b) During the year ended July 31, 2015, Abba issued 322,011 common shares for proceeds of $2,414,900 pursuant to private placements. Abba incurred share issuance costs of $15,297 in connection with these private placements.

c) During the year ended July 31, 2015, Abba issued 14,866 common shares as settlement of trade payables in the amount of $111,500.

d) Pursuant to the Transaction described in note 1, the shareholders of Abba exchanged each of their Class A Common shares of Abba for 32 common shares of the Company, which resulted in the issuance of 42,780,064 common shares of the Company to the shareholders of Abba.

e) During the year ended July 31, 2015, the Company issued 24,000 common shares pursuant to the exercise of 24,000 warrants for gross proceeds of $6,000. The fair value of the warrants of $2,316 has been allocated to share capital.

f) During the year ended July 31, 2015, the Company issued 1,000,000 common shares to a consultant pursuant to a consulting agreement disclosed in note 25(a) at a fair value of $0.40 per share.

17. Warrants

During the year ended July 31, 2015, the Company issued 5,511,723 warrants in connection with the Transaction as discussed in note 1 pursuant to a consulting agreement. The fair value of the warrants issued was estimated at $606,994. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 12 months from the date of the close of the Transaction.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.60%
Expected life	12 months
Expected volatility	130.56%*
Share price	$0.234
Forfeiture rate	Nil

*Based on volatility of comparable companies

17. Warrants (continued)

The following table summarizes the warrant activities for the year ended July 31, 2015:

	Number of Warrants	Weighted Average Exercise Price
Beginning balance	-	$ -
Issued for services rendered	5,511,723	0.25
Exercised	(24,000)	(0.25)
Outstanding at year end	5,487,723	$ 0.25

18. Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board which shall not exceed five years from the date of grant, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

During the year ended July 31, 2015, the Company issued 450,000 stock options to its directors. Each stock option entitles the holder to acquire one common share of the Company at a price of $0.46 for a period of five years from the date of grant. The stock options vest over a period of twelve months and will expire June 5, 2020.

The fair value of the stock options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.07%
Expected life	5 years
Expected volatility	176.81%*
Share price	$0.475
Forfeiture rate	Nil

*Based on volatility of comparable companies

18. Stock Options (continued)

The following table summarizes the stock option activities:

	2015		
	Number of Options		Weighted Average Exercise Price
Beginning balance	-	$	-
Granted	450,000		0.46
Outstanding at year end	450,000	$	0.46
Exercisable at year end	-	$	-

The weighted average remaining contractual life of the options outstanding at July 31, 2015 is 4.75 years. The amount of share-based compensation for the year ended July 31, 2105 was $29,690.

19. Contributed Surplus

Balance, August 1, 2014	$	-
Fair value of warrants issued in connection with the Transaction (note 1)		606,994
Fair value of warrants exercised		(2,316)
Share-based compensation (note 18)		29,690
Balance, July 31, 2015	$	634,368

20. Income Taxes

a) Deferred Income Taxes

		2015		2014[1]
Loss before income taxes	$	(8,881,752)	$	(254,776)
Statutory rate		26.5%		26.5%
Expected income tax recovery		(2,353,664)		(67,516)
Non-deductible expenses		17,400		23
Deferred tax assets not recognized		939,232		-
Non-deductible transaction costs		1,408,180		-
Other		(17,480)		-
Difference between amortization of Distribution and License Rights for accounting and income tax purposes		-		(213)
		(6,332)		(67,706)
Change in deferred tax assets not recognized		-		67,706
Net expected deferred income tax recovery	$	(6,332)	$	-

[1] For the period from August 21, 2013 to July 31, 2014.

20. Income Taxes (continued)

b) Deferred Income Tax Assets

The tax effects of temporary differences that give rise to the deferred income tax assets at July 31, 2015 and 2014 are as follows:

	2015	2014
Non-capital loss carry forwards	$ 857,752	$ 67,706
Cumulative Eligible Capital deduction	145,730	(213)
Share issuance costs	3,243	-
	1,006,725	67,493
Deferred tax assets not recognized	(1,006,725)	(67,493)
Net deferred income tax assets	$ -	$ -

A valuation allowance has been applied against all of the above deferred income tax assets.

c) Non-Capital Losses

The Company has a non-capital loss carried forward of approximately $3,236,799 available to reduce future years' taxable income which will expire as follows:

Fiscal Year	Amount
2034	$ 265,320
2035	$ 2,971,479

21. Change in Working Capital

The working capital cash flows shown in the consolidated statements of cash flows differ from the consolidated statement of financial position due to the current assets and liabilities acquired pursuant to the Transaction (note 1) and the additional accounts payable and accrued liabilities that are included in property and equipment (note 9).

22. Related Party Transactions and Balances

During the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014, the Company incurred the following related party transactions:

a) A total of $206,785 (2014 - $64,158) in occupancy expenses was charged by a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at July 31, 2015, prepaid expenses included $61,302 (2014 - $63,302), deferred lease inducement included $15,603 (2014 - $11,970) and accounts payable and accrued liabilities included $34,299 (2014 - $3,872) payable to this company.

b) A total of $185,833 (2014 - $10,000) in consulting fees was charged by a company controlled by the Company's CEO, who is also a director of the Company. As at July 31, 2015, accounts payable and accrued liabilities included $33,854 (2014 - $3,955) payable to this company.

22. Related Party Transactions and Balances (continued)

c) A total of $2,212 (2014 - $2,500) of advertising and promotional expenses, salaries of $39,808 (2014 - $Nil) and consulting fees of $Nil (2014 - $5,000) were paid to an individual related to an officer and director of the Company.

d) A total of $83,699 of legal fees were charged by a law firm in which a director of the Company is a partner. As at July 31, 2015, accounts payable and accrued liabilities included $109,621 payable to this law firm.

e) A total of $43,000 of fees were charged by an accounting firm in which a director of the Company is a partner. The fees were allocated as to $28,000 to professional fees and $15,000 to transaction costs. As at July 31, 2015, accounts payable and accrued liabilities included $106,652 payable to this accounting firm.

f) A total of $62,690 of consulting fees were charged by a company controlled by the Company's CFO who is also a director of the Company. As at July 31, 2015, accounts payable and accrued liabilities included $119,942 payable to this company.

g) A total of $8,500 of directors fees were charged by directors of the Company, the full amount of which is included in accounts payable and accrued liabilities as at July 31, 2015.

h) 450,000 stock options were granted to directors of the Company. The amount of stock-based compensation expense for the year ended July 31, 2015 related to these stock options was $29,690.

Total compensation of $275,880 (2014 - $10,000) comprising short-term employee benefits of $246,190 (2014 - $10,000) were paid to the Company's CEO and CFO during the year ended July 31, 2015, and share-based payments of $29,690 (2014 - $Nil) were paid to the Company's CEO, CFO and Board of Directors during the year ended July 31, 2015.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

23. Financial Instruments and Other Risks

License Risk

The Company is exposed to risk with respect to its application to Health Canada for a license to produce medical marijuana under the MMPR, as the Company cannot start generating revenue from the production of medical marijuana until the license is received. The Company engaged specialists who assisted in the preparation of the application and the Company continues to monitor the progress of the application with Health Canada.

23. Financial Instruments and Other Risks (continued)

Fair Values

The carrying amounts for the Company's cash, other receivable, amounts due from a related company, short-term advance to a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

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

Credit Risk

The Company is not exposed to any significant credit risk other than other receivable as at July 31, 2015. The Company's cash is on deposit with a highly rated financial institution in Canada. The Company's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at July 31, 2015, the Company has current assets of $310,291 and current liabilities of $2,524,908. The Company has a working capital deficiency as at July 31, 2015 of $2,214,617. The Company raises capital as needed to mitigate its liquidity risk.

Currency Risk

The Company is exposed to currency risk on the outstanding balance of US$95,000 (2014 - US$250,000) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At July 31, 2015, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $12,426 (2014 - $27,260) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at July 31, 2015, all of the Company's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no significant interest rate risk associated with the Company's financial instruments.

23. Financial Instruments and Other Risks (continued)

Contractual Maturities of Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases related to operating and financing activities, and property and equipment. The usual credit period taken for trade purchases is between 30 to 90 days.

The following table includes an aged analysis of the Company's accounts payable and accrued liabilities:

	2015	2014
1 - 30 days	$ 82,545	$ 79,038
31 - 60 days	199,611	272,600
61 - 90 days	143,033	1
Greater than 91 days	1,035,392	36,500
Total trade payables	1,460,581	388,139
Accrued liabilities	101,038	49,176
Outstanding at year end	$ 1,561,619	$ 437,315

24. Capital Disclosures

The Company includes equity, comprised of share capital, contributed surplus, equity component of convertible promissory notes and deficit, in the definition of capital.

The Company’s objectives when managing capital are as follows:

(i) to safeguard the Company’s assets and ensure the Company’s ability to continue as a going concern;

(ii) to raise sufficient capital to finance the construction of its production facility and obtain a licence to produce medical marijuana under the MMPR; and

(iii) to raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company’s short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its existing working capital and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

25. Commitments

a) During the year ended July 31, 2015, the Company entered into an Advisory Agreement for the advisor to act as a strategic advisor to the Company in connection with a proposed equity financing of up to $10,000,000 and to act as an advisor to the Company until the earlier of (i) the completion of an equity financing of the Company; and (ii) August 31, 2015.

   Pursuant to the Advisory Agreement, the Company will pay an advisory of fee of $400,000 which can be paid, at the sole discretion of the Company, in cash and/ or, subject to regulatory approval, by the issuance of 1,000,000 common shares of the Company at a price of $0.40 per share, representing the closing price of the common shares of the Company on the Canadian Securities Exchange on July 2, 2015, the last trading day prior to the date of the Advisory Agreement. In the event that the advisor is requested to perform services in addition to those described above, the advisor shall receive additional fees as may be agreed between the parties and the terms and conditions relating to such services shall be outlined in a separate agreement. During the year ended July, 31, 2015, the Company issued 1,000,000 common shares to the advisor as described in note 16(f).

b) The Company has commitments under operating leases for its facilities. The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$ 195,828
2017	$ 200,627
2018	$ 174,573
2019	$ 78,041

26. Subsequent Events

Subsequent to the year ended July 31, 2015, the Company issued 3,000,000 common shares of the Company for gross proceeds of $300,000 pursuant to a non-brokered private placement.

Consolidated Financial Statements of

SARATOGA ELECTRONIC SOLUTIONS INC.

March 31, 2014 and 2013

SARATOGA ELECTRONIC SOLUTIONS INC.
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Saratoga Electronic Solutions Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussion and Analysis (MD&A) is consistent with the year-end audited consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors ("Board") and Audit Committee ("Committee") are composed of some Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and with the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP SENCRL, srl, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with, both the Committee and management to discuss their audit findings.

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

MNP SENCRL srl / LLP

Independent Auditors' Report

To the Shareholders of Saratoga Electronic Solutions Inc.:

We have audited the accompanying consolidated financial statements of Saratoga Electronic Solutions Inc. and its subsidiary (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2014 and March 31, 2013, and the consolidated statements of comprehensive income (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.

Auditor's 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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 auditors' judgment, 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 assessing the appropriateness of accounting principles 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 Saratoga Electronic Solutions Inc. and its subsidiary as at March 31, 2014 and March 31, 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP SENCRL, srl [1]

Montréal, Québec
July 28, 2014

[1] CPA auditor, CA permit No. A119507

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Financial Position

As at	Note	March 31, 2014	March 31, 2013
		$	$
ASSETS			
Current assets:			
Cash		**6,254**	144,028
Funds held in trust	*4*	**1,200,000**	-
Trade and other receivables	*5*	**15,313**	8,347
Trade receivables from related parties	*16*	**52,976**	36,533
Income taxes recoverable		**17,585**	-
Prepaid expenses		**-**	14,496
Loan receivable from a private company	*6*	**-**	50,000
		1,292,128	253,404
Non-current assets			
Property, plant and equipment	*7*	**-**	1,168,804
Total assets		**1,292,128**	1,422,208

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2014:

(*Signed*) **"GEORGES A. DURST"** Director

(*Signed*) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.
Consolidated Statements of Financial Position

As at	Note	March 31, 2014	March 31, 2013
		$	$
LIABILITIES			
Current liabilities			
Trade payables		**50,603**	86,506
Trade payables to related parties	*16*	**5,516**	5,864
Sales taxes payable	*15*	**494,668**	-
Income taxes payable		**-**	43,166
		550,787	135,536
Shareholders' equity			
Common shares	*11*	**1,793,803**	1,793,803
Contributed surplus		**182,650**	182,650
Deficit		**(2,380,112)**	(1,834,781)
Equity (deficiency) attributable to shareholders		**(403,659)**	141,672
Non-controlling interest	*8*	**1,145,000**	1,145,000
Total equity		**741,341**	1,286,672
Total equity and liabilities		**1,292,128**	1,422,208

The accompanying notes form an integral part of the consolidated financial statements.

Subsequent event (Note 19)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2014:

(Signed) **"GEORGES A. DURST"** Director

(Signed) **"DONALD W. SEAL"** Director

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Comprehensive Income (Loss)

For the Years Ended

	Note	**March 31, 2014**	March 31, 2013
		$	$
Revenue		**14,302**	42,259
Expenses			
Selling and administrative	*9*	**158,347**	341,824
Depreciation of property, plant and equipment	*7*	**35,811**	38,406
Recovery of strategic revision process costs		**-**	(129,873)
Write-off of loan receivable from a private company	*6*	**50,000**	-
Money remittance, net		**(8,014)**	(3,861)
Gain on disposal of property, plant and equipment		**(67,007)**	-
		169,137	246,496
Loss before net finance costs, income taxes and discontinued operations		**(154,835)**	(204,237)
Finance expense		**38,361**	3,492
Loss before income taxes and discontinued operations		**(193,196)**	(207,729)
Income tax recovery	*10 (a)*	**(60,428)**	(60,671)
Loss from continuing operations		**(132,768)**	(147,058)
Income (loss) from discontinued operations	*15*	**(412,563)**	292,012
Total comprehensive income (loss) for the year		**(545,331)**	144,954
Loss per share from continuing operations (Note 13):			
Basic and diluted		**(0.00719)**	(0.00797)
Earnings (loss) per share for the year (Note 13):			
Basic and diluted		**(0.02954)**	0.00785
Weighted average number of common shares (Note 13)			
Basic and diluted		**18,461,300**	18,461,300

The accompanying notes form an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Changes in Equity

For the Years Ended March 31, 2014 and 2013

	Share capital					
	Number	**Amount**	**Contributed surplus**	**Deficit**	**Non-controlling interest**	**Total equity**
	#	$	$	$	$	$
Balance at March 31, 2012	18,461,300	1,793,803	182,650	(1,979,735)	1,270,000	1,266,718
Redemption of preferred shares held by non-controlling interest (Note 8)	-	-	-	-	(125,000)	(125,000)
Total comprehensive income	-	-	-	144,954	-	144,954
Balance at March 31, 2013	18,461,300	1,793,803	182,650	(1,834,781)	1,145,000	1,286,672
Total comprehensive loss	**-**	**-**	**-**	**(545,331)**	**-**	**(545,331)**
Balance at March 31, 2014	**18,461,300**	**1,793,803**	**182,650**	**(2,380,112)**	**1,145,000**	**741,341**

The accompanying notes from an integral part of the consolidated financial statements.

SARATOGA ELECTRONIC SOLUTIONS INC.

Consolidated Statements of Cash Flows

For the Years Ended

	Note	**March 31, 2014**	March 31, 2013
Cash flows from (used in) operating activities			
Loss from continuing operations		**(132,768)**	(147,058)
Items not involving cash:			
Depreciation of property, plant and equipment	*7*	**35,811**	38,406
Write-off of loan receivable from a private company	*6*	**50,000**	-
Gain on disposal of property, plant and equipment		**(67,007)**	-
Deferred tax expense	*10 (a)*	-	10,800
		(113,964)	(97,852)
Changes in non-cash working capital			
Funds held in trust		**(1,200,000)**	51,767
Trade and other receivables		**(6,966)**	156,720
Trade receivables from related parties		**(16,443)**	(21,576)
Income taxes recoverable		**(17,585)**	-
Prepaid expenses		**14,496**	(133)
Trade payables		**(35,903)**	(364,151)
Trade payables to related parties		**(348)**	2,050
Sales taxes payable		**494,668**	-
Income taxes payable		**(43,166)**	43,166
Cash flows used in operating activities of continuing operations		**(925,211)**	(230,009)
Cash flows from (used in) operating activities of discontinued operations	*14*	**(412,563)**	292,012
Cash flows used in investing activities			
Loan receivable from a private company		**-**	(50,000)
Proceeds on disposal of property, plant and equipment		**1,200,000**	-
Cash flows from (used in) investing activities of continuing operations		**1,200,000**	(50,000)
Cash flows used in financing activities			
Decrease in short-term loans		-	(590,000)
Decrease in bank indebtedness		-	(40,955)
Redemption of preferred shares held by non-controlling interest		-	(125,000)
Cash flows used in financing activities of continuing operations		-	(755,955)
Net decrease in cash		**(137,774)**	(743,952)
Cash - beginning of year		**144,028**	887,980
Cash - end of year		**6,254**	144,028
Supplemental information (Note 14)			
Interest paid		**2,717**	85,310
Income taxes recovered		**-**	(7,180)

The accompanying notes form an integral part of the consolidated financial statements.

1. Reporting entity

Saratoga Electronic Solutions Inc. (the "Company") is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange. These consolidated financial statements of the Company as at and for the years ended March 31, 2014 and March 31, 2013 comprise the results of the Company and its subsidiary 9261-5277 Québec Inc. ("Québec Inc") (together referred to as the ''Group'' and individually as ''Group entity''). The Company, through its subsidiary 9261-5277 Québec Inc., earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1. This property was sold at year end and the Company no longer has any operations.

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis of measurement

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

Functional and presentation currency

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

Critical accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

2. **Basis of presentation** (cont'd.)

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of (a) its fair value less costs to sell and (b) its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Income taxes

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

Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the years over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by

2. Basis of presentation (cont'd.)

changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Share-based payments transaction

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received and the probability of a loss being realized. Several of these factors are a source of estimation uncertainty.

Fair value of financial instruments

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

A. Basis of consolidation

The Company's consolidated financial statements represent those of the parent company and its subsidiary, as disclosed in Note 1, as at March 31, 2014 and March 31, 2013.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (cont'd.)

B. Revenue recognition

Rental income is recognized on an accrual basis.

C. Finance cost

Finance costs comprise interest expense on borrowing from credit facilities, stamping fees, facility fees, accruals of differences between amounts advanced and the principal repayable and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income or loss using the effective interest method.

D. Cash

Cash is comprised of cash on deposit with a bank in general non-interest bearing accounts.

E. Financial instruments

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

At initial recognition, all financial instruments are measured at fair value and are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Financial assets at fair value through profit or loss

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognized in income or loss. Assets in this category include loan receivable from a private company.

3. Significant accounting policies (cont'd.)

Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest recognized on an effective yield basis. Assets in this category include cash, trade and other receivables, trade receivables from related parties and funds held in trust.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include trade payables, trade payables to related parties and sales taxes payable.

Equity instruments

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

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes options model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares.

F. Property, Plant and Equipment

Initial recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of equipment includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies (cont'd.)

Subsequent measurement

The cost of replacing part of an item of equipment is recognized as part of the carrying amount of such item, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in the statements of comprehensive income (loss) as an expense as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value and is provided on a declining balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparatives years are as follows:

Building	6%
Computer hardware and software	30%
Furniture and fixtures	20%

The residual values, useful lives and methods of depreciation are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item.

G. Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (cont'd.)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective rate. Losses are recognized in income or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The Company's non-financial assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and its 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

3. Significant accounting policies (cont'd.)

H. Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized.

I. Earnings (loss) per share

The Group presents basic earnings (loss) per share ''EPS'' data for its common shares. Basic EPS are computed by dividing income or loss by the weighted average number of ordinary shares outstanding during the year. Diluted EPS are computed similarly to basic earnings per share, except that the weighted average shares outstanding are increased to include shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the year.

3. Significant accounting policies (cont'd.)

J. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

K. Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees, directors and consultants as consideration for equity instruments of the Company.

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

L. Fair Value Hierarchy

The Group classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7 – Financial Instruments: Disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

3. Significant accounting policies (cont'd.)

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

M. Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Group to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Group conducts its business in one segment relating to corporate items.

N. New standards, interpretations and amendments adopted during the year ended March 31, 2014

IFRS 13 – Fair Value Measurement

Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among specific standards requiring fair value measurements. IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. This new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between participants, at the measurement date. It also establishes disclosures about fair value measurement. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at March 31, 2014.

Amendments to IAS 1 – Financial Statement Presentation

The amendments to IAS 1 require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as remeasurements related to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that chose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. There was no impact to the Company's financial statements upon adoption of this standard.

3. Significant accounting policies (cont'd.)

O. Recent accounting pronouncements and amendments not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 2 – Share-based payment

The amendments to IFRS 2, issued in December 2013, clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IFRS 9 – Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 – Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial

3. Significant accounting policies (cont'd.)

assets including equity investments are measured at their fair values at the end of the subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013, to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income ("OCI"), without having to adopt the remainder of IFRS 9, and to (iii) remove the previous mandatory effective date for adoption of January 1, 2015. The standard was later amended to introduce a new mandatory effective date for adoption of January 1, 2018 with early adoption permitted.

IAS 24 – Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IAS 36 – Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

3. Significant accounting policies (cont'd.)

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Financial Instruments: Recognition and measurement

The amendments to IAS 39, issued in June 2013, clarify that notation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and
- fines or other penalties that are imposed for breaches of the legislation.

'Government' refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation of the requirements in IAS 37 for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

4. Funds held in trust

During the year ended March 31, 2014, the Company entered into an agreement to sell the 2975 Hochelaga building, Montréal, H1W 1G1. The purchase price is held in trust by the lawyers as of March 31, 2014.

SARATOGA ELECTRONIC SOLUTIONS INC.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2014 and 2013

5. Trade and other receivables

	March 31, 2014	March 31, 2013
	$	$
Trade receivables	**15,313**	2,360
Sales taxes receivable	-	5,987
Total trade and other receivables	**15,313**	8,347

Aging analysis	**March 31, 2014**	March 31, 2013
	$	$
Current	**12,953**	306
30 – 90 days	-	101
Over 90 days	**2,360**	7,940
Total trade and other receivables	**15,313**	8,347

No amounts are impaired at March 31, 2014 and March 31, 2013.

6. Loan receivable from a private company

	March 31, 2014	March 31, 2013
	$	$
Loan receivable from a private company, unsecured, bearing interest at 12% per annum, due on January 25, 2014. At the option of the Company, this loan may be converted, at any time during the term, to an equity position in the borrower equivalent to 10% of the outstanding equity. This loan receivable was written-off as of March 31, 2014.	**-**	50,000

7. Property, plant and equipment

	Land	Building	Furniture and computer equipment	Total
	$	$	$	$
Cost				
At March 31, 2013 and March 31, 2012	585,300	834,700	27,699	1,447,699
Dispositions	**(585,300)**	**(834,700)**	**(27,699)**	**(1,447,699)**
At March 31, 2014	**-**	**-**	**-**	**-**
Accumulated Depreciation				
At March 31, 2012	-	222,111	18,378	240,489
Depreciation expense	-	36,755	1,651	38,406
At March 31, 2013	**-**	258,866	20,029	278,895
Depreciation expense	**-**	**34,550**	**1,261**	**35,811**
Dispositions	**-**	**(293,416)**	**(21,290)**	**(314,706)**
At March 31, 2014	-	-	-	-
Net book value				
At March 31, 2013	**585,300**	**575,834**	**7,670**	**1,168,804**
At March 31, 2014	**-**	**-**	**-**	**-**

8. Non-controlling interest

The non-controlling interest consists of 1,145,000 Class 'D' preferred shares (2013 – 1,145,000) of Québec Inc., non-voting, non-participating, non-convertible, non-cumulative annual dividend of 8%, and redeemable at $1 per share. Changes in non-controlling interest are summarized as follows:

	2014	2013
	$	$
Balance beginning of year	**1,145,000**	1,270,000
Preferred shares redeemed during the year	-	(125,000)
Balance, end of year	**1,145,000**	1,145,000

SARATOGA ELECTRONIC SOLUTIONS INC.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2014 and 2013

9. Selling and administrative

Selling and administrative expenses are comprised of:

	2014	2013
	$	$
Salaries	**9,197**	97,187
Professional fees	**98,951**	164,054
Office and general	**1,144**	2,507
Utilities	**13,846**	21,330
Insurance	**5,626**	13,472
Taxes and licences	**28,844**	36,517
Telecommunications	**739**	1,471
Other	**-**	5,286
	158,347	341,824

10. Income taxes

(a) *The provision for income taxes consists of:*

	2014	2013
	$	$
Current taxes	**(60,428)**	(71,471)
Deferred taxes	**-**	10,800
	(60,428)	(60,671)

10. Income taxes (cont'd.)

(b) Reconciliation of income taxes:

The impact of differences between the Group's reported income taxes on operating loss and the recovery that would otherwise result from the application of statutory rates is as follows:

	2014		2013	
	$	**%**	$	%
Income tax recovery at the combined basic Federal and Provincial tax rates on loss before income taxes and income from discontinued operations	**(51,970)**	**27**	(55,879)	27
Permanent differences	**47,403**	**(25)**	2	-
Change in deferred tax assets not recognized	**(56,184)**	**29**	(3,320)	2
Other	**323**	**-**	(1,474)	1
Income tax recovery	**(60,428)**	**31**	(60,671)	30

(c) Deferred tax assets:

The tax effects of significant items comprising the Group's net deferred tax assets and liabilities are as follows:

	2014	2013
	$	$
Loss carry forwards and other deductible amounts	**776,919**	713,401
Property, plant and equipment	**-**	8,723
Deferred tax assets not recognized	**(776,919)**	(722,124)
	-	-

(d) Tax loss carry forwards:

The Group has losses available for income tax purposes that can be used to reduce taxable income of future years. These approximate losses expire as follows:

10. Income taxes (cont'd.)

	Federal	Quebec
	$	$
2027	-	21,000
2028	822,000	848,000
2029	454,000	443,000
2030	576,000	571,000
2031	78,000	74,000
2033	126,000	123,000
2034	258,000	244,000
	2,314,000	2,324,000

(e) Other deductible amounts

The Company has available approximately $259,000 (Quebec $262,000) of cumulative eligible capital which may be carried forward indefinitely to be deducted against taxable income.

The Company has available approximately $335,000 (Quebec $193,000) of capital losses which may be carried forward indefinitely to be deducted against capital gains.

11. Share capital

Share capital authorized:

An unlimited number of the following classes of shares:

Common, voting participating shares without par value.

Series I preferred shares issuable in series, non-voting, 6% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

Series II preferred shares issuable in series, non-voting, 8% non-cumulative dividend, redeemable at the option of the Company, convertible into common shares at the option of the holder at a conversion price equal to the volume weighted average trading price of the common shares during the five days preceding the date of notice of conversion is given.

11. Share capital (cont'd.)

	Number \#	Amount $
Common shares		
Balance, March 31, 2014 and March 31, 2013	**18,461,300**	**1,793,803**

There are no preferred shares issued and outstanding as at March 31, 2014 and 2013.

12. Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 855,000. The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the ordinary shares at the time of the grant, and the term of the options cannot exceed five years and unexercised options are cancelled after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors, the options granted vest according to a graded schedule of 33.3% every six months commencing on the grant date.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle options.

There were no options granted and no stock option compensation costs incurred for the years ended March 31, 2014 and March 31, 2013.

The Company's share options are as follows for the reporting years presented:

12. Share-based payments (cont'd.)

	March 31, 2014		March 31, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
	#	**$**	#	$
Balance - beginning of year	-	-	90,000	0.26
Expired	-	-	90,000	0.26
Balance - end of year	-	-	-	-

There were no options outstanding at March 31, 2013 and March 31, 2014.

13. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the net income (loss) for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted earnings (loss) per share, potential ordinary shares such as share options have been included as they would have the effect of decreasing the earnings (loss) per share. Details of share options issued that could potentially dilute loss per share in the future are given in Note 12.

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) as the numerator, i.e. no adjustment to the income were necessary for the years ended March 31, 2014 and March 31, 2013 respectively.

13. Earnings (loss) per share (cont'd.)

	Year ended	
	March 31, 2014	March 31, 2013
	$	$
Net loss from continuing operations	**(132,768)**	(147,058)
Loss per share:		
Basic and diluted loss per share	**(0.00719)**	(0.00797)
Net income (loss) from discontinued operations	**(412,563)**	292,012
Earning (loss) per share:		
Basic and diluted earnings per share	**(0.02235)**	0.01582
Net income (loss) from the year	**(545,331)**	144,954
Earnings (loss) per share:		
Basic and diluted earnings per share	**(0.02954)**	0.00785
Weighted average number of common shares outstanding:	#	#
Basic and diluted	**18,461,300**	18,461,300

14. Supplemental cash flow information

For the year ended	March 31, 2014	March 31, 2013
	$	$
Net income (loss) from discontinued operations	**(412,563)**	292,012
Cash flows from (used in) operating activities of discontinued operations	**(412,563)**	292,012

15. Sales taxes

In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides on-premises space allowing a third party to render financial services to its clients. The tax authorities audited the Company in the current year and denied the Company's position and requested that the ITCs be refunded. The amount recoverable last year and payable this year were recorded as discontinued operations net of tax in the statements of comprehensive income as it related to the former ATM network segment that was disposed of in the year ended March 31, 2012.

For the year ended	**March 31, 2014**	March 31, 2013
	$	$
Sales tax assessment (recovery) pre tax	**412,563**	(399,469)
Sales tax (recovery) net of tax reported as discontinued operations	**412,563**	(292,012)

16. Related party transactions

Balances and transactions between Saratoga Electronic Solutions Inc. and its subsidiary, which is a related party of Saratoga Electronic Solutions Inc., have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Country of incorporation	Percentage of interest	
		March 31, 2014	March 31, 2013
9261-5277 Québec Inc.	Canada	**100 %**	100 %

The Group's related parties include private companies controlled by directors as described below.

16. Related party transactions (cont'd.)

As at	**March 31, 2014**	March 31, 2013
	$	$
Trade receivables from related parties:		
Companies with common director	**52,976**	36,533
Total trade receivables from related parties	**52,976**	36,533
Trade payables to related parties:		
Directors	**5,516**	5,864
Total trade payables to related parties	**5,516**	5,864
Revenues for the year ended:		
Rental income from companies under common control	**14,302**	19,069
Total revenues	**14,302**	19,069
Administrative – related parties:		
Professional fees	-	34,000
Utilities	-	4,963
Total Administrative – related parties	-	38,963

The Group has identified its directors and certain officers as its key management personnel. The compensation costs for key management personal for the years ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
	$	$
Salaries and benefits key management personnel	**3,697**	85,735
Directors	**5,500**	5,500

17. Financial instruments risks

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and interest rate risk. The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets. The Group does not actively engage in the trading of financial speculative purposes. The most significant financial risks to which the Group is exposed are described below. The Group is exposed to market risk through its use of financial instruments and specifically to interest risk and certain other risks, which result from both its operating and investing activities. No changes were made in the objectives, policies and processes during the reporting years.

The carrying value of cash, funds held in trust, trade and other receivables, trade receivables from related parties, loan receivable from a private company, trade payables and trade payables to related parties are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's trade and other receivables. The Group may also have credit risk relating to cash. The carrying amount of financial assets, as disclosed in the statements of financial position, represents the Group's maximum exposure.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Group's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures.

17. Financial instruments risk (cont'd.)

The following table presents the contractual maturities of the Corporation's financial liabilities:

As at March 31, 2014			Payments by Periods		
	Total	< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
	$	$	$	$	$
Trade payables	50,603	50,603	-	-	-
Trade payables to related parties	5,516	5,516	-	-	-
Sales taxes payable	494,668	494,668			

As at March 31, 2013			Payments by Periods		
	Total	< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
	$	$	$	$	$
Trade payables	86,506	86,506	-	-	-
Trade payables to related parties	5,864	5,864	-	-	-

(c) Foreign currency risk

All of the Group's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Group's functional and reporting currency. Therefore, the Group is not exposed to foreign currency risk.

18. Capital management

The Group's primary objectives when managing capital is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Group capital items are cash, funds held in trust and common shares. Capital is $3,000,057 as at March 31, 2014 (2013 – $1,937,831).

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or debt, or sell assets to reduce debt or fund acquisition or development activities. The Group does not have any externally imposed restrictions on its capital.

The Company had also created a new class of preferred shares in prior years as described in Note 11. The primary purpose of creating these preferred shares is to provide management with greater flexibility respecting potential future financings and other corporate transactions.

19. Subsequent event

Subsequent to year end, the Group redeemed 705,000 Class ''D'' preferred shares held by non-controlling interest.

SCHEDULE C

MD&A OF THE CORPORATION

(See attached)

ABBA MEDIX GROUP INC.

Management's Discussion and Analysis

For the Three and Nine Month Periods Ended April 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Abba Medix Group Inc. (the "Company") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the three and nine month periods ended April 30, 2016 and 2015 (the "Financial Statements"). The Company files its consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the three and nine month periods ended April 30, 2016 were reviewed and approved by the Board of Directors of the Company on June 28, 2016.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Colombia) and continued under the *Canada Business Corporations Act.* The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABA". The address of the registered office is 1773 Bayly Street, Pickering, ON.

Business Overview

Abba Medix Corp. ("Abba Corp." and together with the Company, "Abba Group"), a wholly-owned subsidiary of the Company, is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* ("MMAR") and enacted the *Marihuana for Medical Purposes Regulations* (the "MMPR") which established the new regulatory framework governing the production and distribution of medical marijuana for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to cultivate and sell medical marijuana (the "License") and become a licensed producer (a "Licensed Producer") under the MMPR. Abba Corp. has secured a 45,000 square foot facility to support its production plans and has invested over $1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the License, Abba Corp. will continue to build out the facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Corp.'s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Business Developments during the Three and Nine Month Periods Ended April 30, 2016

Since becoming a reporting issuer in March 2015, Abba Group has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical marijuana industry. It is Abba Group's vision to become a fully integrated medical cannabis producer, in all its allowable forms, selling direct to patients under the MMPR. Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production facility in Pickering, Ontario (the "Facility"). The Facility will be ready to commence operations upon the receipt of the License, and the Company is working closely with Health Canada on a regular basis

to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR and ready for a pre-license inspection by Health Canada. Abba Corp.'s application is in the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements under the MMPR.*

The Canadian medical marijuana marketplace continues to experience changes at a rapid pace. The decision of the Federal Court in *Allard et al v Her Majesty the Queen* (2016 FC 236) ("**Allard**") and the decision of the Supreme Court of Canada in *Her Majesty the Queen v Owen Edward Smith* (2015 SCC 34), both had significant impact on the operating assumptions of the industry. Management continues to monitor the industry very closely from every direction and continues to seek opportunities that can be expected to bring value to the Company and its shareholders.

On February 24, 2016, the Federal Court released its decision in the case of Allard. This case began as a result of the government's decision to repeal the MMAR and enact the MMPR. This change overhauled the way that the government provides access to medical marijuana for patients across the country. The plaintiffs in the Allard case argued that the MMPR violates their charter rights and the court, in a lengthy and detailed judgment, the judge agreed with the plaintiffs and gave the government six months to amend the MMPR. The current MMPR regulations remain in force as of the date hereof. The Government of Canada has advised as of March 24, 2016 that it will not be appealing the decision and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown.

The Supreme Court of Canada issued a decision, affirming that with respect to those persons entitled to possess dried marijuana, it was unconstitutional to restrict possession of non-dried forms of cannabis. In response, Health Canada issued various exemptions under section 56 of the *Controlled Drugs and Substances Act*, to expand the scope of the medical marijuana program beyond dried marijuana to include fresh marijuana as well as cannabis oil.

During the year ended July 31, 2015, the Company completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of marijuana per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility has been postponed until the Company raises sufficient financing.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of June 28, 2016, Abba Corp. has yet to receive its License from Health Canada. The Company has incurred substantial losses to date and has an accumulated deficit of $10,312,373 as at April 30, 2016.

Abba Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the Licence, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due and its ability to generate positive cash flows from operations. To date, Abba Group has not generated revenue from operations. During the nine months ended April 30, 2016, the Company incurred a net loss of $1,182,177. As at April 30, 2016, the Company has current assets of $141,573 and current liabilities of $3,178,335 resulting in a working capital deficiency of $3,036,762.

These conditions have resulted in material uncertainties that may cast significant doubt about Abba Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should Abba Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report Abba Group's assets and liabilities at liquidation values could be material to the Financial Statements.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine month periods ended April 30, 2016 and 2015.

	As at and for the Three Month Period Ended April 30, 2016	As at and for the Three Month Period Ended April 30, 2015	As at and for the Nine Month Period Ended April 30, 2016	As at and for the Nine Month Period Ended April 30, 2015
	$	$	$	$
Loss for the period	(406,053)	(6,441,133)	(1,182,177)	(7,267,463)
Current assets	141,573	1,036,831	141,573	1,036,831
Non-current assets	1,815,171	1,676,623	1,815,171	1,676,623
Current liabilities	3,178,335	1,803,855	3,178,335	1,803,855
Non-current liabilities	12,504	8,245	12,504	8,245
Working capital (deficiency)	(3,036,762)	(767,024)	(3,036,762)	(767,024)
Deferred income tax liability	326	-	326	-
Share capital	8,296,114	7,891,726	8,296,114	7,891,726
Shareholders' equity (deficit)	(1,234,095)	901,354	(1,234,095)	901,354
Loss per share – basic and diluted	(0.01)	(0.16)	(0.02)	(0.14)

Quarterly Results

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Quarter ended April 30, 2016	-	(406,053)	(0.01)
Quarter ended January 31, 2016	-	(302,219)	-
Quarter ended October 31, 2015	-	(473,905)	(0.01)
Year ended July 31, 2015			
Quarter ended July 31, 2015	-	(1,607,955)	(0.02)
Quarter ended April 30, 2015	-	(6,441,133)	(0.11)
Quarter ended January 31, 2015	-	(331,209)	(0.01)
Quarter ended October 31, 2014	-	(495,123)	(0.02)
Year ended July 31, 2014			
Quarter ended July 31, 2014	-	(121,324)	-

Note: For comparative purposes, the total revenue, net income (loss) and net earnings per share in the previous two annual and quarterly tables are the historical results of Abba Corp. and have been adjusted to reflect the weighted average number of common shares throughout the fiscal year.

RESULTS OF OPERATIONS

Revenues

The Company did not have any revenue for the three and nine month periods ended April 30, 2016 and 2015 as it is in the process of obtaining the Licence and completing construction of the Facility.

Expenses

Total expenses for the three and nine month periods ended April 30, 2016 were $406,053 and $1,182,177 respectively. Included in these figures is non-cash share-based compensation expense related to the fair value of 450,000 stock options issued to directors during the year ended July 31, 2015 which amounted to $27,376 for the three month period ended April 30, 2016 and $129,330 for the nine month period ended April 30, 2016. Total expenses for the three and nine month periods ended April 30, 2015 were $6,441,133 and $7,267,463, as Abba Corp. was in the initial stages of constructing the Facility following the submission of its application for the License, while also incurring significant expenses in connection with completing the reverse take-over transaction ("**Transaction**").

The Company incurred consulting fees expenses of $86,250 and $200,832 during the three and nine month periods ended April 30, 2016, respectively, which include fees charged by the Company's former CFO, former CEO and current CFO, as well as other fees paid to external consultants for services in connection with business development, product development and investor relations. During the three and nine months ended April 30, 2015, consulting fees expenses amounted to $252,026 and $452,457 respectively. These amounts include fees paid for services related to the preparation of the License application, fees paid to a strategic advisor as well fees paid to the Company's former CEO.

Salaries and benefits expense for the three and nine month periods ended April 30, 2016 were $17,420 and $141,517 respectively. The Company started the nine month period with seven employees but had reduced the number of employees to two by April 30, 2016 in an effort to reduce operating costs. The Company incurred salaries and benefits expenses of $119,951 and $233,325 during the three and nine month periods ended April 30, 2015. The Company commenced the nine month period ended April 30, 2015 with two employees and had added four additional employees to its staff by April 30, 2015.

The Company incurred advertising and promotional expenses during the three and nine month periods ended April 30, 2016 of $2,486 and $40,492 respectively. These costs primarily relate to fees paid to an advisor with respect to strategic brand development. Advertising and promotional expenses of $97,469 and $117,411 were incurred during the comparative three and nine month periods ended April 30, 2015, and were related to the development and purchase of various promotional materials.

Professional fees of $12,968 and $184,539 were incurred during the three and nine month periods ended April 30, 2016, respectively, and include general legal, accounting and securities advisory services. Professional fees of $68,706 and $115,745 were incurred during the three and nine month periods ended April 30, 2015 that related to general legal and accounting services. The increased level of expense year-over-year is a function of the higher costs associated with being a reporting entity.

In order to complete the construction of the first phase of the Facility, as well as to fund working capital requirements, the Company issued promissory notes with an aggregate face value of $450,000 and convertible promissory notes with an aggregate face value of $300,000 during the year ended July 31, 2015, upon which $18,000 and $48,594 of interest expense was incurred during the three and nine month periods ended April 30, 2016. The Company incurred interest accretion expense of $1,231 related to the deemed discount on the convertible promissory notes (see note 15 of the Financial Statements) during the nine month period ended April 30, 2016. The Company also incurred interest expense of $1,943 and $6,041 on short-term advances from a related party during the three and nine month periods ended April 30, 2016.

Occupancy expenses of $63,955 and $179,590 related to rent and utilities were incurred during the three and nine month periods ended April 30, 2016. These amounts were consistent with occupancy expenses of

$56,647 and $170,828 incurred during the three and nine month periods ended April 30, 2015, with some small increases related to operating costs charged by the Company's landlord.

During the three and nine month periods ended April 30, 2016, the Company wrote off an amount of $103,627 owed by a former subsidiary as bad debt expense. Prior to the period ended April 30, 2016, the former subsidiary had filed returns claiming refunds of GST and QST from which they were to repay the amounts owed to the Company. During the period ended April 30, 2016, the Company was notified by the former subsidiary that its refund claims for GST and QST were reduced to such an amount that it would be unable to pay the amounts owed to the Company.

During the three and nine month periods ended April 30, 2015, Abba Corp incurred transaction costs of $5,642,378 and $5,916,307 respectively related to the Transaction, which was completed during the fiscal year ended July 31, 2015 and, more specifically, the three month period ended April 30, 2015. The Company incurred transaction costs of $50,000 during the three and nine month periods ended April 30, 2016 related to a Share Exchange Agreement entered into subsequent to April 30, 2016.

The remaining expenses incurred during the three and nine month periods ended April 30, 2016 relate to various operating expenses that include, but are not limited to, insurance, listing and filing fees, travel and general office expenses, as well as the fair value of stock options granted to directors that continued to vest during the periods ended April 30, 2016.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine month periods ended April 30, 2016.

	Three Months Ended		**Nine Months Ended**	
	April 30, 2016	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
	$	**$**	**$**	**$**
Cash flow used in operating activities	(122,371)	(808,999)	(352,149)	(1,457,792)
Cash flow used in investing activities	(471)	(443,189)	(7,702)	(1,273,092)
Cash flow generated by (used in) financing activities	43,200	971,426	362,106	2,525,476
Net increase (decrease) in cash	(79,642)	(280,762)	2,255	(205,408)

Operating Activities

Cash flows used in operating activities were $122,371 and $352,149 for the three and nine month periods ended April 30, 2016, compared to cash flows used of $808,999 and $1,457,792 for the three and nine month periods ended April 30, 2015. The decrease in the amount of cash used in operating activities is primarily attributable to a reduction in the Company's' activity during the first nine months of fiscal 2016. While the first nine months of fiscal 2015 saw significant activity with respect to completing the Transaction as well as the continuation of the Company's License application, the Company has scaled back operations in fiscal 2016 while it awaits approval of its License application.

Investing Activities

Cash flows used in investing activities were $471 and $7,702 for the three and nine month periods ended April 30, 2016, compared to cash flows used of $443,189 and $1,273,092 for the three and nine month periods ended April 30, 2015. The decrease in the amount of cash used in investing activities is primarily attributable

to the construction of the Company's Facility which had been the primary focus of Abba Corp's efforts throughout the periods ended April 30, 2015 while its application for the License was being processed by Health Canada. The Company has completed the first phase of the Facility and has delayed the construction of any subsequent phase until it is able to raise sufficient capital. As such, there were no significant expenditures on plant and equipment during the three and nine month periods ended April 30, 2016.

Financing Activities

Cash flows provided by financing activities were $43,200 and $362,106 for three and nine month periods ended April 30, 2016 respectively. During the three months ended April 30, 2016, the Company received short-term advances of $51,200. During the nine months ended April 30, 2016, the Company issued 3,000,000 common shares of the Company for proceeds of $300,000. Cash flows provided by financing activities during the three and nine month periods ended April 30, 2016 of $971,426 and $2,525,476 were related to the issuance of share capital as well as short-term borrowings.

Condensed Interim Consolidated Statements of Financial Position

The total current assets of the Company amounted to $141,573 as at April 30, 2016, compared to $310,291 as at July 31, 2015. The most significant changes between the two dates relates to the write-off of amounts of GST and QST receivable from a former subsidiary of the Company as disclosed in note 7 of the Financial Statements, as well as the refund of HST paid in prior periods, and a reduction to prepaid expenses as services were received during the period ended April 30, 2016.

The Company's current liabilities as at April 30, 2016 amounted to $3,178,335 compared to $2,524,908 as at July 31, 2015. The most significant change in the current liabilities between the two periods is with respect to an increase in accounts payable and accrued liabilities related to operating expenses incurred during the three and nine month periods ended April 30, 2016.

During the nine months ended April 30, 2016, the Company received subscriptions of $300,000 for 3,000,000 common shares of the Company. The Company continues to seek investors in order to raise additional capital in order to address its current working capital deficiency and to provide working capital for future operations and the completion of the second and third phases of its Facility. There is no certainty that the Company will be successful in raising financing, and as such there is uncertainty the Company will be able to continue as a going concern.

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "ABA".

During the period ended October 31, 2015, the Company issued 3,000,000 common shares of the Company related to gross proceeds of $300,000 pursuant to a non-brokered private placement.

As of June 28, 2016, the Company has 65,265,364 issued and outstanding voting participating common shares.

Warrants

As of June 28, 2016, the Company had 5,487,723 warrants outstanding, which are exercisable at $0.25 per share. During the period ended April 30, 2016, the expiry of the warrants was extended to March 13, 2018. All other terms and conditions of the Warrant remain unchanged.

Stock Options

As of June 28, 2016, the Company had 200,000 options outstanding, which had yet to vest. The options are exercisable at $0.46 per share until June 5, 2020.

Related Party Transactions

a) The Company leases plant and office space from 1083922 Ontario Inc., a company related to one of the Company's corporate shareholders pursuant to three (3) leases that expire on December 31, 2017 and April 30, 2019. During the nine month period ended April 30, 2016, the Company was charged occupancy expenses of $172,394 (2015 - $142,671). As at April 30, 2016, prepaid expenses included $53,802 (2015 - $54,968), deferred lease inducement included $12,178 (2015 - $8,245) and accounts payable and accrued liabilities included $137,435 (2015 - $7,743) payable to this company.

b) Consulting services in the amount of $62,500 for the nine month period ended April 30, 2016 (2015 - $133,333) were charged by Ezzigroup Inc. a company controlled by Ahmad Rasouli, the former Chief Executive Officer and a former director of the Company. As at April 30, 2016, accounts payable and accrued liabilities included $88,479 (2015 - $Nil) payable to this company.

c) During the nine month period ended April 30, 2016, a total of $Nil (2015 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2015 - $24,231) were paid to Ali Rasouli, an individual related to the former Chief Executive Officer and former director of the Company.

d) Professional services in the amount of $16,075 for the nine month period ended April 30, 2016 (2015 – $Nil) were charged by Kronis, Rotsztain, Margles Cappel LLP, a law firm of which Paul Cancilla, a former director of the Company, is a partner. As at April 30, 2016, accounts payable and accrued liabilities included $112,745 payable to this law firm.

e) Professional services in the amount of $61,000 for the nine month period ended April 30, 2016 (2015 – $Nil) were charged by Forbes Andersen LLP an accounting firm of which Paul Andersen, a director of the Company, and Michael Johnston, the Company's CFO, are partners. As at April 30, 2016, accounts payable and accrued liabilities included $174,802 payable to this accounting firm.

f) Professional services in the amount of $13,860 for the nine month period ended April 30, 2016 (2015 – $35,550) were charged by Services Administratifs Richard Vallée Inc., a firm of which Richard Vallée, a director of the Company, and the Company's former CFO, is a partner. As at April 30, 2016, accounts payable and accrued liabilities included $135,604 payable to this firm.

g) During the nine month period ended April 30, 2016, the Company expensed directors fees in the amount of $9,250 to Ahmad Rasouli ($1,500), Georges Durst ($1,500), Dennis dos Santos ($750), Michel Boucher ($1,000), Nick Migliore ($750), Paul Andersen ($1,250), Paul Cancilla ($1,000) and Richard Vallée ($1,500), resulting in accounts payable and accrued liabilities in the amount of $9,250 as at April 30, 2016 (2015 – Nil).

h) During the year ended July 31, 2015, the Company granted 450,000 stock options to directors of the Company. The amount of stock-based compensation expense for the nine month period ended October 31, 2015 related to these stock options was $129,330.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Subsequent Events

Subsequent to April 30, 2016, the Company:

a) Converted short-term advances in the aggregate amount of $50,000 into two convertible unsecured promissory notes in the amount of $25,000 (the "Principal Amount") each. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on May 3, 2018, unless earlier converted. Every $1,000 of the Principal Amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of the Company at an ascribed conversion price of $0.18 per common share (the

"Conversion Price"). At any time after the four month anniversary of the Note, the Company shall have the right, if the common shares of the Company listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding Principal Amount and any accrued but unpaid interest into common shares of the Company at the Conversion Price.

b) Issued convertible unsecured promissory notes in the aggregate amount of $225,000. Each convertible unsecured promissory note (a "Note") bears interest at a rate of 15% per annum, payable quarterly in arrears on the last day of each calendar quarter commencing June 30, 2016. Each Note shall become due and payable on the two year anniversary of the Note, unless earlier converted. Every $1,000 of the principal amount will be convertible, at the option of the creditor, at any time after the four month anniversary of the Note, into 5,555 common shares of the Company at an ascribed conversion price of $0.18 per common share (the "Conversion Price"). At any time after the four month anniversary of the Note, the Company shall have the right, if the common shares of the Company listed on the Canadian Securities Exchange (or other recognized exchange) have had a closing price of $0.18 or higher for at least 10 consecutive trading days and averaged a daily volume of 10,000 common shares or higher during such period, to force the conversion of the outstanding principal amount and any accrued but unpaid interest into common shares of the Company at the Conversion Price.

c) Entered into a Share Exchange Agreement to acquire all of the issued and outstanding common shares of two companies (collectively the "Target Business") in exchange for the following consideration:

(i) A cash payment of $250,000;

(ii) The issue of such number of common shares of the Company as would represent approximately 66% of all of the Company's issued and outstanding common shares immediately post- acquisition; and

(iii)Cash payments totaling $4,000,000 payable over a period of up to three years from the closing date. The timing of the payments are dependent on upon the Target Business achieving certain EBITDA performance targets at certain milestones.

d) Entered into a Letter Agreement with a company to act as a lead agent and sole bookrunner, on a best-efforts basis, for a private placement offering (the "Offering") for gross proceeds of a minimum of $6,000,000 and up to a maximum of $10,000,000 consisting of equity units ("Equity Units") and convertible debenture units ("Convertible Debenture Units"). Each Equity Unit will consist of one common share and one common share purchase warrant which will entitle the holder to purchase one common share of the Company at a price of $0.40 per share for a period of 24 months following the Escrow Release. Each Convertible Debenture Unit will consist of one 8.5% secured debenture with a principal amount of $1,000, and 1,000 Convertible Debenture Warrants which entitles the holder thereof to acquire one common share (a "CD Warrant Share") for an exercise price of $0.40 per CD Warrant Share for the initial 24 months following the Escrow Release; at an exercise price of $0.75 from 24 months to 36 months following Escrow Release; and at an exercise price of $1.00 from 36 months to 48 months following Escrow Release.

The Equity Units and Convertible Debenture Units shall together be referred to as the "Securities".

Pursuant to the Letter Agreement, the Company will grant the Agent an option (the "Agent’s Option") exercisable at any time up to and including the Closing of the Offering to increase the size of the Offering by up to 15% in Securities by giving written notice of the exercise of the Agent’s Option, or a part thereof, to the Company at any time up to 48 hours prior to Closing.

The Company will pay to the Agent a cash commission of 5.0% of the aggregate gross proceeds arising from the Offering (the "Commission"), including the exercise, in whole or in part, of the Agent’s Option. One-half of the Commission (50%) shall be payable to the Agent at Closing, with the remaining balance to be paid upon the Escrow Release.

At Closing, and subject to regulatory approval (where any such approval is required), the Agent will receive Equity Unit options (the "Compensation Options") exercisable at any time up to 36 months following the Escrow Release, to acquire from treasury at the Equity Offering Price, an amount of Equity Units equal to 10.0% of the gross proceeds arising from the Offering, including the exercise of the Agent's Option where any such exercise occurs. The Company will also pay a one-time Work Fee of $25,000 plus HST at Closing.

The Letter Agreement is subject to a number of terms and conditions including the execution of an Agency Agreement, and is contingent on the Company obtaining shareholder approval for a proposed 1.5:1 share consolidation and certain related matters.

d) Entered into a Consulting Agreement with a company to provide various consulting services in exchange for a monthly fee of $11,500 for a term of eight months. Pursuant to the Consulting Agreement, the aggregate fee payable for the term of the Consulting Agreement of $92,000 will be settled by the issuance of 400,000 common shares of the Company at the completion of the Consulting Agreement. As at April 30, 2016, accounts payable and accrued liabilities included $74,750 related to this Consulting Agreement.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no 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.

Statement of Compliance

The Company's Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015, and were approved by the Company's Board of Directors on June 28, 2016.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Abba Corp.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba Corp. is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba Corp. and has the ability to affect those returns through its power over Abba Corp. by way of its ownership of all of the issued and outstanding common shares of Abba Corp.

The functional currency of the Company and Abba Corp. is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivable - the recoverability of other receivable;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the inputs used in determining any potential contingencies.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company's cash, other receivables, amounts due to / from a related company, short-term advances to / from a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that Abba Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which Abba Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

Abba Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on Abba Group and its securities.

Commodity price risks

Marijuana is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical marijuana is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. Abba Group believes there is downward pressure on the average price for medical marijuana and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to Abba Corp. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical marijuana. An adverse change in the marijuana prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on Abba Group and its securities.

Financing risks

Entering the *MMPR* regulated medical marijuana marketplace requires substantial outlay of capital. Abba Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that Abba Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on Abba Group and its securities.

Credit Risk

Abba Group is not exposed to any significant credit risk as at April 30, 2016. Abba Group's cash is on deposit with a highly rated financial institution in Canada. Abba Group's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As April 30, 2016, the Company has current assets of $141,573 and current liabilities of $3,178,335. The Company has a working capital deficiency as at April 30, 2016 of $3,036,762. Abba Group raises capital as needed to mitigate its liquidity risk.

Currency Risk

Abba Group is exposed to currency risk on the outstanding balance of US$72,500 (2015 - US$Nil) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At April 30, 2016, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the three month period would have been $9,097 (2015 - $Nil) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As April 30, 2016, all of Abba Group's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no interest rate risk associated with Abba Group's financial instruments.

Risks Related to the Operations of Abba Corp.

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer under the MMPR

Abba Corp. has applied to Health Canada to become a Licensed Producer under the MMPR that would enable Abba Corp. to cultivate and sell medical marijuana to patients across Canada. Abba Corp. has not yet received a License and as such is not a Licensed Producer. Abba Corp.'s ability to cultivate, store and sell medical marijuana in Canada is dependent on obtaining the License from Health Canada and there can be no assurance that Abba Corp. will obtain the License. Abba Corp. is currently in the review stage of the licensing process.

Abba Corp.'s success to date includes:

1. Abba Corp. has advanced to the review stage of the licensing process;

2. Abba Corp. personnel have passed through the security clearance stage of the licensing process; and

3. Abba Corp. has completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a License, such License will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of Abba Corp. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the MMPR and renewal cannot be assured.

Licensing Requirements under the MMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* ("**CDSA**"), the MMPR, the *Narcotic Control Regulations*, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance**: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 *Abba Corp.'s current stage of the licensing process*	**Review**: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	**Pre-License Inspection**: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
Stage 6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the MMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the MMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the MMPR will a license be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a License under the MMPR

The timeframes and costs required for Abba Group's or any applicant for a License under the MMPR to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Regulatory Risks

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

Furthermore, although the operations of Abba Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Abba Group's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on Abba Group.

Governmental Regulations and Risks

In the event that Abba Group obtains the License for the production of medical marijuana as currently proposed its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Abba Group's operations.

Government approvals and permits are currently, and may in the future, be required in connection with Abba Group's operations. To the extent such approvals are required and not obtained; Abba Group may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Abba Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on Abba Group and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. Abba Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Abba Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

Abba Group's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

Abba Group's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Abba Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Abba Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Abba Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Abba Group's business, operating results or financial condition.

Insurance and Uninsured Risks

Abba Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Abba Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Abba Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Abba Group is not generally available on acceptable terms. Abba Group might also become subject to liability for pollution or other hazards which may not be insured against or which Abba Group may elect not to insure against because of premium costs or other reasons. Losses from

these events may cause Abba Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, Abba Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on Abba Group's business, financial condition and prospects.

Difficulty to Forecast

Abba Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for Abba Group to provide reliable financial reports and to help prevent fraud. Although Abba Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Abba Group under Canadian securities law, Abba Group cannot be certain that such measures will ensure that Abba Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Abba Group's results of operations or cause it to fail to meet its reporting obligations. If Abba Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Abba Group's consolidated financial statements and materially adversely affect the trading price of Abba Group shares.

Litigation

Abba Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Abba Group becomes involved be determined against Abba Group such a decision could adversely affect Abba Group's ability to continue operating and the market price Abba Group shares and could use significant resources. Even if Abba Group is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Marijuana Industry

Federal Court Case

On February 24, 2016, the Federal Court released its decision in the case of Allard. In Allard, license holders under the old regime created by the MMAR challenged the constitutionality of the MMPR. The court determined that the MMPR violated the *Charter* rights of the plaintiffs in Allard and as such ruled that the MMPR is of no force and effect. The judgment was suspended for six months to allow the Government to implement changes to the medical marijuana regime. The current MMPR regulations remain in force as of the date hereof. The Government has advised as of March 24, 2016 that it will not be appealing the decision

and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown. The risks to the business of the Company represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR (or its successor regulations). This could materially and adversely affect the business, financial condition and results of operations of the Company.

Legislative or Regulatory Reform

Abba Group's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Abba Groups, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Abba Group anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this MD&A, the MMPR have already been amended further.

Unfavorable Publicity or Consumer Perception

Management of Abba Group believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of Abba Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Abba Group's proposed products and the business, results of operations, financial condition and cash flows of Abba Group. Abba Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Abba Group, the demand for Abba Group's proposed products, and the business, results of operations, financial condition and cash flows of Abba Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Abba Group's proposed products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Competition

If Abba Group is successful in securing a License; Abba Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Abba Group. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Abba Group. In addition, the government has only issued 26 licenses to date, under the MMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Abba Group. Because of the early stage of the industry in which Abba Group operates, Abba Group expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Abba Group expects that competition will become more intense, as current and future

competitors begin to offer an increasing number of diversified products. To remain competitive, Abba Group will require a continued high level of investment in research and development, marketing, sales and client support. Abba Group may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Abba Group.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the nine month period ended April 30, 2016 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the nine month period ended April 30, 2016 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Commitments and Contingencies

(a) Abba Group has commitments under operating leases for its facilities (including the Facility). The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$195,828
2017	$200,627
2018	$174,573
2019	$78,041

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of 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 state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical marijuana (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical marijuana, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical marijuana under the MMPR; financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical marijuana industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company 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.

This MD&A was prepared on June 28, 2016. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Gerry Goldberg, CPA, CA

Chief Executive Officer

(signed) Michael Johnston, CPA, CA

Chief Financial Officer

ABBA MEDIX GROUP INC.

Management's Discussion and Analysis

For the Three and Six Month Periods Ended January 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Abba Medix Group Inc. (the "Company") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the three and six month periods ended January 31, 2016 and 2015 (the "Financial Statements"). The Company files its consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the three and six month periods ended January 31, 2016 were reviewed and approved by the Board of Directors of the Company on March 29, 2016.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Colombia) and continued under the *Canada Business Corporations Act.* The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABA". The address of the registered office is 1773 Bayly Street, Pickering, ON.

Business Overview

Abba Medix Corp. ("Abba Corp." and together with the Company, "Abba Group"), a wholly-owned subsidiary of the Company is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* ("MMAR") and enacted the *Marihuana for Medical Purposes Regulations* (the "MMPR") which established the new regulatory framework governing the production and distribution of medical marijuana for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to cultivate and sell medical marijuana (the "License") and become a licensed producer (a "Licensed Producer") under the MMPR. Abba Corp. has secured a 45,000 square foot facility to support its production plans and has invested over $1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the License, Abba Corp. will continue to build out the facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Corp.'s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Business Developments during the Three and Six Month Periods Ended January 31, 2016

Since becoming a reporting issuer in March 2015, Abba Group has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical marijuana industry. It is Abba Group's vision to become a fully integrated medical cannabis producer, in all its allowable forms, selling direct to patients under the MMPR. Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production facility in Pickering, Ontario (the "Facility"). The Facility will be ready to commence operations upon the receipt of the License, and the Company is working closely with Health Canada on a regular basis

to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR and ready for a pre-license inspection by Health Canada. Abba Corp.'s application is in the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements under the MMPR.*

The Canadian medical marijuana marketplace continues to experience changes at a rapid pace. The decision of the Federal Court in *Allard et al v Her Majesty the Queen* (2016 FC 236)("**Allard**") and the decision of the Supreme Court of Canada in *Her Majesty the Queen v Owen Edward Smith* (2015 SCC 34), both had significant impact on the operating assumptions of the industry. Management continues to monitor the industry for developments and consider opportunities that may be accretive to the Company and its shareholders.

On February 24, 2016, the Federal Court released its decision in the case of Allard. This case began as a result of the government's decision to repeal the MMAR and enact the MMPR. This change overhauled the way that the government provides access to medical marijuana for patients across the country. The plaintiffs in the Allard case argued that the MMPR violates their charter rights and the court, in a lengthy and detailed judgment, the judge agreed with the plaintiffs and gave the government six months to amend the MMPR. The current MMPR regulations remain in force as of the date hereof. The Government of Canada has advised as of March 24, 2016 that it will not be appealing the decision and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown.

The Supreme Court of Canada issued a decision, affirming that with respect to those persons entitled to possess dried marijuana, it was unconstitutional to restrict possession of non-dried forms of cannabis. In response, Health Canada issued various exemptions under section 56 of the *Controlled Drugs and Substances Act*, to expand the scope of the medical marijuana program beyond dried marijuana to include fresh marijuana as well as cannabis oil.

During the year ended July 31, 2015, the Company completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of marijuana per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility has been postponed until the Company raises sufficient financing.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of March 29, 2016, Abba Corp. has yet to receive its License from Health Canada. The Company has incurred substantial losses to date and has an accumulated deficit of $9,906,820 as at January 31, 2016.

Abba Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the Licence, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due and its ability to generate positive cash flows from operations. To date, Abba Group has not generated revenue from operations. During the six months ended January 31, 2016, the Company incurred a net loss of $776,124. As at January 31, 2016, the Company has current assets of $271,504 and current liabilities of $2,927,915 resulting in a working capital deficiency of $2,656,411.

These conditions have resulted in material uncertainties that may cast significant doubt about Abba Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should Abba Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report Abba Group's assets and liabilities at liquidation values could be material to the Financial Statements.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six month periods ended January 31, 2016 and 2015.

	As at and for the Three Month Period Ended January 31, 2016	As at and for the Three Month Period Ended January 31, 2015	As at and for the Six Month Period Ended January 31, 2016	As at and for the Six Month Period Ended January 31, 2015
	$	$	$	$
Loss for the period	(302,219)	(331,209)	(776,124)	(826,330)
Current assets	271,504	747,868	271,504	747,868
Non-current assets	1,814,639	1,542,212	1,814,639	1,542,212
Current liabilities	2,927,915	1,092,423	2,927,915	1,092,423
Non-current liabilities	13,646	9,387	13,646	9,387
Working capital (deficiency)	(2,656,411)	(344,555)	(2,656,411)	(344,555)
Deferred income tax liability	326	-	326	-
Share capital	8,296,114	2,164,376	8,296,114	2,164,376
Shareholders' equity (deficit)	(855,418)	1,188,270	(855,418)	1,188,270
Share subscriptions payable	-	105,000	-	105,000
Loss per share – basic and diluted	-	-	(0.01)	-

Quarterly Results

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Quarter ended January 31, 2016	-	(302,219)	-
Quarter ended October 31, 2015	-	(473,905)	(0.01)
Year ended July 31, 2015			
Quarter ended July 31, 2015	-	(1,607,955)	(0.03)
Quarter ended April 30, 2015	-	(6,441,133)	(0.11)
Quarter ended January 31, 2015	-	(331,209)	(0.01)
Quarter ended October 31, 2014	-	(495,123)	(0.02)
Year ended July 31, 2014			

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Quarter ended July 31, 2014	-	(121,324)	(0.35)
Quarter ended April 30, 2014	-	(122,649)	(0.35)

Note: For comparative purposes, the total revenue, net income (loss) and net earnings per share in the previous two annual and quarterly tables are the historical results of Abba Corp. and have been adjusted to reflect the weighted average number of common shares throughout the fiscal year.

RESULTS OF OPERATIONS

Revenues

Abba Group did not have any revenue for the three and six month periods ended January 31, 2016 and 2015 as it is in the process of obtaining the Licence and completing construction of the Facility.

Expenses

Total expenses for the three and six month periods ended January 31, 2016 were $302,219 and $776,124 respectively. Included in these figures is non-cash share-based compensation expense related to the fair value of 450,000 stock options issued to directors during the year ended July 31, 2015 which amounted to $50,977 for the three month period ended January 31, 2016 and $101,954 for the six month period ended January 31, 2016. Total expenses of Abba Corp. for the three and six month periods ended January 31, 2015 were $331,209 and $826,330, as Abba Corp. was in the initial stages of constructing the Facility following the submission of its application for the License.

Abba Group incurred consulting fees expenses of $3,360 during the three month period ended January 31, 2016 which include fees paid to the Company’s former CFO. Consulting fees of Abba Corp. incurred during the three month period ended January 31, 2015 amounted to $110,653, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor in addition to the fees paid to the Company’s CEO. Abba Group incurred consulting fees expenses of $114,852 during the six month period ended January 31, 2016. Included in these costs are fees paid to the Company’s CEO and former CFO as well as other fees paid to external consultants for services in connection with business development, product development and investor relations. Consulting fees of Abba Corp. incurred during the six month period ended January 31, 2015 amounted to $200,431, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor in addition to the fees paid to the Company’s CEO.

Salaries and benefits expense for the three and six month periods ended January 31, 2016 were $40,018 and $124,097 respectively. The Company started the six month period with seven employees but had reduced the number of employees to two by January 31, 2016 in an effort to reduce operating costs. Abba Corp. incurred salaries and benefits expenses of $84,515 and 113,374 during the three and six month periods ended January 31, 2015. Abba Corp. commenced the six month period ended January 31, 2015 with two employees and had added an additional three employees to its staff by January 31, 2015.

The Company incurred advertising and promotional expenses during the three and six month periods ended January 31, 2016 of $14,466 and $38,006 respectively. These costs primarily relate to fees paid to an advisor with respect to strategic brand development. Abba Corp. incurred advertising and promotional expenses of $3,793 and $19,942 during the comparative three and six month periods ended January 31, 2015. Expenses during these periods were related to the development and purchase of various promotional materials.

Professional fees of $69,840 and $171,571 were incurred during the three and six month periods ended January 31, 2016, respectively, and include general legal, accounting and securities advisory services. Abba

Corp. incurred professional fees of $22,546 and $47,039 during the three and six month periods ended January 31, 2015 that related to general legal and accounting services. The increased level of expense year-over-year is a function of the higher costs associated with being a reporting entity.

In order to complete the construction of the first phase of the Facility, as well as to fund working capital requirements, the Company issued promissory notes with an aggregate face value of $450,000 during the year ended July 31, 2015, upon which $18,036 and $30,594 of interest expense was incurred during the three and six month periods ended January 31, 2016. The Company also issued convertible promissory notes with an aggregate face value of $300,000 during the year ended July 31, 2015. The Company incurred interest accretion expense of $1,231 related to the deemed discount on the convertible promissory notes (see note 16 of the Financial Statements) during the six month period ended January 31, 2016. The Company also incurred interest expense of $2,036 and $4,098 on short-term advances from a related party during the three and six month periods ended January 31, 2016.

Occupancy expenses of $61,758 and $115,635 related to rent and utilities were incurred during the three and six month periods ended January 31, 2016. These amounts were consistent with occupancy expenses of $61,415 and $114,181 incurred during the three and six month periods ended January 31, 2015.

The remaining expenses incurred during the three and six month periods ended January 31, 2016 relate to various operating expenses that include, but are not limited to, insurance, listing and filing fees, travel and general office expenses, as well as the fair value of stock options granted to directors that continued to vest during the periods ended January 31, 2016. During the three and six month periods ended January 31, 2015, Abba Corp incurred transaction costs of $21,220 and $273,929 respectively related to the reverse take-over transaction completed during the fiscal year ended July 31, 2015. The Company did not incur any such transaction costs during the three and six month periods ended January 31, 2016.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six month periods ended January 31, 2016.

	Three Months Ended		**Six Months Ended**	
	January 31, 2016 $	**January 31, 2015 $**	**January 31, 2016 $**	**January 31, 2015 $**
Cash flow used in operating activities	(83,487)	(299,829)	(229,778)	(648,793)
Cash flow used in investing activities	(2,712)	(458,977)	(7,231)	(829,903)
Cash flow generated by (used in) financing activities	(11,036)	1,043,529	318,906	1,554,050
Net increase (decrease) in cash	(97,235)	284,723	81,897	75,354

Operating Activities

Cash flows used in operating activities were $83,847 and $229,778 for the three and six month periods ended January 31, 2016, compared to cash flows used of $299,829 and 648,793 for the three and six month periods ended January 31, 2015. The decrease in the amount of cash used in operating activities is primarily attributable to an increase in the amount of the Company's accounts payable and accrued liabilities as at January 31, 2016.

Investing Activities

Cash flows used in investing activities were $2,712 and $7,231 for the three and six month periods ended January 31, 2016, compared to cash flows used of $458,977 and $829,903 for the three and six month periods ended January 31, 2015. The decrease in the amount of cash used in investing activities is primarily attributable to the construction of the Company's Facility which had been the primary focus of Abba Corp's efforts throughout the periods ended January 31, 2015 while its application for the License was being processed by Health Canada. The Company has completed the first phase of the Facility and has delayed the construction of any subsequent phase until it is able to raise sufficient capital. As such, there were no significant expenditures on plant and equipment during the three and six month periods ended January 31, 2016.

Financing Activities

Cash flows used by financing activities were $11,036 for three month period ended January 31, 2016, as the Company repaid some of its debt to a related party as well as paying interest on the outstanding convertible and promissory notes. Financing activities provided cash of $318,906 for the six month period ended January 31, 2016 primarily as a result of the issuance of 3,000,000 common shares of the Company for proceeds of $300,000. Cash flows provided by financing activities during the three and six month periods ended January 31, 2016 of $1,043,529 and $1,554,050 were related to the issuance of share capital as well as short-term borrowings.

Condensed Interim Consolidated Statements of Financial Position

The total current assets of the Company amounted to $271,504 as at January 31, 2016, compared to $310,291 as at July 31, 2015. The most significant change between the two dates relates to an increase in cash as a result of the receipt of subscriptions for common shares of the Company, the refund of HST paid in prior periods, and a reduction to prepaid expenses as services were received during the period ended January 31, 2016.

The Company's current liabilities as at January 31, 2016 amounted to $2,927,915 compared to $2,524,908 as at July 31, 2015. The most significant change in the current liabilities between the two periods is with respect to an increase in accounts payable and accrued liabilities related to operating expenses incurred during the three and six month periods ended January 31, 2016.

During the six months ended January 31, 2016, the Company received subscriptions of $300,000 for 3,000,000 common shares of the Company. The Company continues to seek investors in order to raise additional capital in order to address its current working capital deficiency and to provide working capital for future operations and the completion of the second and third phases of its Facility. There is no certainty that the Company will be successful in raising financing, and as such there is uncertainty the Company will be able to continue as a going concern.

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "ABA".

During the period ended October 31, 2015, the Company issued 3,000,000 common shares of the Company related to gross proceeds of $300,000 pursuant to a non-brokered private placement.

As of March 29, 2016, the Company has 65,265,364 issued and outstanding voting participating common shares.

Warrants

As of March 29, 2016, the Company had 5,487,723 warrants outstanding, which are exercisable at $0.25 outstanding. During the period ended January 31, 2016, the expiry of the warrants was extended to March 13, 2018. All other terms and conditions of the Warrant remain unchanged.

Stock Options

As of March 29, 2016, the Company had 450,000 options outstanding, which had yet to vest. The options are exercisable at $0.46 per share until June 5, 2020.

Related Party Transactions

a) The Company leases plant and office space from 1083922 Ontario Inc., a company related to one of the Company's corporate shareholders pursuant to three (3) leases that expire on December 31, 2017 and January 31, 2019. During the six month period ended January 31, 2016, the Company was charged occupancy expenses of $114,753 (2015 - $104,433). As at January 31, 2016, prepaid expenses included $56,302 (2015 - $66,302), deferred lease inducement included $13,320 (2015 - $9,387) and accounts payable and accrued liabilities included $98,045 (2015 - $13,729) payable to this company.

b) Consulting services in the amount of $62,500 for the six month period ended January 31, 2016 (2015 - $70,833) were charged by Ezzigroup Inc. a company controlled by Ahmad Rasouli, the Chief Executive Officer and director of the Company. As at January 31, 2016, accounts payable and accrued liabilities included $88,479 (2015 - $11,300) payable to this company.

c) During the six month period ended January 31, 2016, a total of $Nil (2015 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2015 - $8,269) were paid to Ali Rasouli, an individual related to the Chief Executive Officer and director of the Company.

d) Professional services in the amount of $16,075 for the six month period ended January 31, 2016 (2015 – $Nil) were charged by Kronis, Rotsztain, Margles Cappel LLP, a law firm of which Paul Cancilla, a former director of the Company, is a partner. As at January 31, 2016, accounts payable and accrued liabilities included $118,652 payable to this law firm.

e) Professional services in the amount of $43,500 for the six month period ended January 31, 2016 (2015 – $Nil) were charged by Forbes Andersen LLP an accounting firm of which Paul Andersen, a director of the Company, and Michael Johnston, the Company’s CFO, are partners. As at January 31, 2016, accounts payable and accrued liabilities included $156,327 payable to this accounting firm.

f) Professional services in the amount of $13,860 for the six month period ended January 31, 2016 (2015 – $Nil) were charged by Services Administratifs Richard Vallée Inc., a firm of which Richard Vallée, a director of the Company, and the Company’s former CFO, is a partner. As at January 31, 2016, accounts payable and accrued liabilities included $135,604 payable to this firm.

g) During the six month period ended January 31, 2016, the Company expensed directors fees in the amount of $6,750 to Ahmad Rasouli ($1,000), Georges Durst ($1,000), Dennis dos Santos ($750), Michel Boucher ($500), Nick Migliore ($750), Paul Andersen ($750), Paul Cancilla ($1,000) and Richard Vallée ($1,000), resulting in accounts payable and accrued liabilities in the amount of $6,750 as at January 31, 2016 (2015 – Nil).

h) During the year ended July 31, 2015, the Company granted 450,000 stock options to directors of the Company. The amount of stock-based compensation expense for the six month period ended October 31, 2015 related to these stock options was $101,954.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no 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.

Statement of Compliance

The Company's Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015, and were approved by the Company's Board of Directors on March 29, 2016.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Abba Corp.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba Corp. is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba Corp. and has the ability to affect those returns through its power over Abba Corp. by way of its ownership of all of the issued and outstanding common shares of Abba Corp.

The functional currency of the Company and Abba Corp. is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which

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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivable - the recoverability of other receivable;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the inputs used in determining any potential contingencies.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company’s cash, other receivables, amounts due to / from a related company, short-term advances to / from a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that Abba Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which Abba Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any

forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

Abba Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on Abba Group and its securities.

Commodity price risks

Marijuana is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical marijuana is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. Abba Group believes there is downward pressure on the average price for medical marijuana and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to Abba Corp. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical marijuana. An adverse change in the marijuana prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on Abba Group and its securities.

Financing risks

Entering the *MMPR* regulated medical marijuana marketplace requires substantial outlay of capital. Abba Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that Abba Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on Abba Group and its securities.

Credit Risk

Abba Group is not exposed to any significant credit risk as at January 31, 2016. Abba Group's cash is on deposit with a highly rated financial institution in Canada. Abba Group's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As January 31, 2016, the Company has current assets of $271,504 and current liabilities of $2,927,915. The Company has a working capital deficiency as at January 31, 2016 of $2,656,411. Abba Group raises capital as needed to mitigate its liquidity risk.

Currency Risk

Abba Group is exposed to currency risk on the outstanding balance of US$72,500 (2015 - US$Nil) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At January 31, 2016, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the three month period would have been $10 208 (2015 - $Nil) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As January 31, 2016, all of Abba Group's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no interest rate risk associated with Abba Group's financial instruments.

Risks Related to the Operations of Abba Corp.

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer under the MMPR

Abba Corp. has applied to Health Canada to become a Licensed Producer under the MMPR that would enable Abba Corp. to cultivate and sell medical marijuana to patients across Canada. Abba Corp. has not yet received a License and as such is not a Licensed Producer. Abba Corp.'s ability to cultivate, store and sell medical marijuana in Canada is dependent on obtaining the License from Health Canada and there can be no assurance that Abba Corp. will obtain the License. Abba Corp. is currently in the review stage of the licensing process.

Abba Corp.'s success to date includes:

1. Abba Corp. has advanced to the review stage of the licensing process;

2. Abba Corp. personnel have passed through the security clearance stage of the licensing process; and

3. Abba Corp. has completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a License, such License will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of Abba Corp. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the MMPR and renewal cannot be assured.

Licensing Requirements under the MMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* ("**CDSA**"), the MMPR, the *Narcotic Control Regulations*, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.

Stage	Overview
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance**: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 *Abba Corp.'s current stage of the licensing process*	**Review**: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	**Pre-License Inspection**: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
Stage 6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the MMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the MMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the MMPR will a license be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a License under the MMPR

The timeframes and costs required for Abba Group's or any applicant for a License under the MMPR to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Regulatory Risks

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

Furthermore, although the operations of Abba Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Abba Group's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on Abba Group.

Governmental Regulations and Risks

In the event that Abba Group obtains the License for the production of medical marijuana as currently proposed its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Abba Group's operations.

Government approvals and permits are currently, and may in the future, be required in connection with Abba Group's operations. To the extent such approvals are required and not obtained; Abba Group may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Abba Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on Abba Group and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. Abba Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Abba Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

Abba Group's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

Abba Group's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Abba Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Abba Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Abba Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Abba Group's business, operating results or financial condition.

Insurance and Uninsured Risks

Abba Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Abba Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Abba Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Abba Group is not generally available on acceptable terms. Abba Group might also become subject to liability for pollution or other hazards which may not be insured against or which Abba Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Abba Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, Abba Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on Abba Group's business, financial condition and prospects.

Difficulty to Forecast

Abba Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for Abba Group to provide reliable financial reports and to help prevent fraud. Although Abba Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Abba Group under Canadian securities law, Abba Group cannot be certain that such measures will ensure that Abba Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Abba Group's results of operations or cause it to fail to meet its reporting obligations. If Abba Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Abba Group's consolidated financial statements and materially adversely affect the trading price of Abba Group shares.

Litigation

Abba Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Abba Group becomes involved be determined against Abba Group such a decision could adversely affect Abba Group's ability to continue operating and the market price Abba Group shares and could use significant resources. Even if Abba Group is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Marijuana Industry

Federal Court Case

On February 24, 2016, the Federal Court released its decision in the case of Allard. In Allard, license holders under the old regime created by the MMAR challenged the constitutionality of the MMPR. The court determined that the MMPR violated the *Charter* rights of the plaintiffs in Allard and as such ruled that the MMPR is of no force and effect. The judgment was suspended for six months to allow the Government to implement changes to the medical marijuana regime. The current MMPR regulations remain in force as of the date hereof. The Government has advised as of March 24, 2016 that it will not be appealing the decision and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown. The risks to the business of the Company represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR (or its successor regulations). This could materially and adversely affect the business, financial condition and results of operations of the Company.

Legislative or Regulatory Reform

Abba Group's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Abba Groups, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Abba Group anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this MD&A, the MMPR have already been amended further.

Unfavorable Publicity or Consumer Perception

Management of Abba Group believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of Abba Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Abba Group's proposed products and the business, results of operations, financial condition and cash flows of Abba Group. Abba Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Abba Group, the demand for Abba Group's proposed products, and the business, results of operations, financial condition and cash flows of Abba Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Abba Group's proposed products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Competition

If Abba Group is successful in securing a License; Abba Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Abba Group. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Abba Group. In addition, the government has only issued 26 licenses to date, under the MMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Abba Group. Because of the early stage of the industry in which Abba Group operates, Abba Group expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Abba Group expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Abba Group will require a continued high level of investment in research and development, marketing, sales and client support. Abba Group may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Abba Group.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the six month period ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the six month period ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Commitments and Contingencies

(a) Abba Group has commitments under operating leases for its facilities (including the Facility). The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$195,828
2017	$200,627
2018	$174,873
2019	$78,041

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of 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 state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate.

Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical marijuana (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical marijuana, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical marijuana under the MMPR; financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical marijuana industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company 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.

This MD&A was prepared on March 29, 2016. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Ahmad Rasouli	*(signed)* Michael Johnston, CPA, CA
Chief Executive Officer	Chief Financial Officer

ABBA MEDIX GROUP INC.

Management's Discussion and Analysis

For the Three Month Period Ended October 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Abba Medix Group Inc. (the "Company") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the three month periods ended October 31, 2015 and October 31, 2014 (the "Financial Statements"). The Company files its consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the three month periods ended October 31, 2015 and 2014 were reviewed and approved by the Board of Directors of the Company on December 29, 2015.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Colombia) and continued under the *Canada Business Corporations Act.* The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABA". The address of the registered office is 1773 Bayly Street, Pickering, ON.

Business Overview

Abba Medix Corp. ("Abba Corp." and together with the Company, "Abba Group"), a wholly-owned subsidiary of the Company is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* ("MMAR") and enacted the *Marihuana for Medical Purposes Regulations* (the "MMPR") which established the new regulatory framework governing the production and distribution of medical marijuana for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to cultivate and sell medical marijuana (the "License") and become a licensed producer (a "Licensed Producer") under the MMPR. Abba Corp. has secured a 45,000 square foot facility to support its production plans and has invested over $1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the License, Abba Corp. will continue to build out the facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Corp.'s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Business Developments during the Three Month Period Ended October 31, 2015

Since becoming a reporting issuer in March 2015, Abba Group has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical marijuana industry. It is Abba Group's vision to become a fully integrated medical cannabis producer, in all its allowable forms, selling direct to patients under the MMPR. Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production facility in Pickering, Ontario (the "Facility"). The Facility will be ready to commence operations

upon the receipt of the License, and the Company is working closely with Health Canada on a regular basis to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR and ready for a pre-license inspection by Health Canada. As of October 2015, Abba Corp.'s application has advanced to the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements under the MMPR.*

The Canadian medical cannabis marketplace continues to experience changes at a rapid pace. The decision of the Supreme Court of Canada in *R v Smith* (2015 SCC 34), had a significant impact on the operating assumptions of the industry. The Supreme Court of Canada issued a decision, affirming that with respect to those persons entitled to possess dried marijuana, it was unconstitutional to restrict possession of non-dried forms of cannabis. In response, Health Canada issued various exemptions under section 56 of the *Controlled Drugs and Substances Act*, to expand the scope of the medical marijuana program beyond dried marijuana to include fresh marijuana as well as cannabis oil. Management continues to monitor the industry very closely from every direction and continues to seek opportunities that can be expected to bring value to the Company and its shareholders.

During the year ended July 31, 2015, the Company completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of marijuana per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility has been postponed until the Company raises sufficient financing.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of December 29th, 2015, Abba Corp. has yet to receive its License from Health Canada. The Company has incurred substantial losses to date and has an accumulated deficit of $9,604,101 as at October 31, 2015.

Abba Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the Licence, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due and its ability to generate positive cash flows from operations. To date, Abba Group has not generated revenue from operations. During the three months ended October 31, 2015, the Company incurred a net loss of $473,905. As at October 31, 2015, the Company has current assets of $484,656 and current liabilities of $2,886,463 resulting in a working capital deficiency of $2,401,807.

These conditions have resulted in material uncertainties that may cast significant doubt about Abba Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should Abba Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report Abba Group's assets and liabilities at liquidation values could be material to the Financial Statements.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three month periods ended October 31, 2015 and October 31, 2014.

	As at and for the Three Month Period Ended October 31, 2015	As at and for the Three Month Period Ended October 31, 2014
	$	$
Loss for the period	(473,905)	(495,123)
Current assets	484,656	464,956
Non-current assets	1,812,419	761,393
Current liabilities	2,886,463	788,719
Non-current liabilities	14,788	10,528
Working capital (deficiency)	(2,401,807)	(323,763)
Deferred income tax recovery	326	-
Share capital	7,996,114	1,177,001
Shareholders' equity (deficit)	(604,176)	427,102
Share subscriptions payable	300,000	-
Loss per share – basic and diluted	(0.01)	(0.02)

Quarterly Results

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Quarter ended October 31, 2015	-	(473,905)	(0.01)
Year ended July 31, 2015			
Quarter ended July 31, 2015	-	(1,607,955)	(0.03)
Quarter ended April 30, 2015	-	(6,441,133)	(0.11)
Quarter ended January 31, 2015	-	(331,209)	(0.01)
Quarter ended October 31, 2014	-	(495,123)	(0.02)
Year ended July 31, 2014			
Quarter ended July 31, 2014	-	(121,324)	(0.35)
Quarter ended April 30, 2014	-	(122,649)	(0.35)
Quarter ended January 31, 2014	-	(887)	-

Note: For comparative purposes, the total revenue, net income (loss) and net earnings per share in the previous two annual and quarterly tables are the historical results of Abba Corp. and have been adjusted to reflect the weighted average number of common shares throughout the fiscal year.

RESULTS OF OPERATIONS

Revenues

Abba Group did not have any revenue for the three month periods ended October 31, 2015 and October 31, 2014 as it is in the process of obtaining the Licence and completing construction of the Facility.

Expenses

Total expenses for the three month period ended October 31, 2015 were $473,905. Included in this figure is $50,977 of non-cash share-based compensation expense related to the fair value of 450,000 stock options issued to directors during the year ended July 31, 2015. Total expenses of Abba Corp. for the three month period ended October 31, 2014 were $495,123, as Abba Corp. was in the initial stages of constructing the Facility following the submission of its application for the License.

Abba Group incurred consulting fees expenses of $111,222 during the three month period ended October 31, 2015. Included in these costs are fees paid to the Company’s CEO and CFO as well as other fees paid to external consultants for services in connection with business development, product development and investor relations. Consulting fees of Abba Corp. incurred during the three month period ended October 31, 2014 amounted to $89,778, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor.

Salaries and benefits expense for the three month period ended October 31, 2015 were $84,079 and relate to the existence of seven employees at the beginning of the three month period. Abba Corp. incurred salaries and benefits expenses of $28,859 during the three month period ended October 31, 2014. The increased level of salaries and benefits year, over, year is related to the fact that Abba Corp. only had two employees during the three month period ended October 31, 2014.

The Company incurred advertising and promotional expenses of $23,540 during the three month period ended October 31, 2015, which is primarily related to fees paid to an advisor with respect to strategic brand development. Abba Corp. incurred advertising and promotional expenses of $16,150 during the comparative three month period ended October 31, 2014.

Professional fees of $101,731 were incurred during the three month period ended October 31, 2015, and include general legal and accounting and securities advisory services not specifically related to the Transaction. Abba Corp. incurred professional fees of $24,493 during the three month period ended October 31, 2014 that related to general legal and accounting services. The increased level of expense year-over-year is a function of the higher costs associated with being a reporting entity.

In order to complete the construction of the first phase of the Facility, as well as to fund working capital requirements, the Company issued promissory notes with an aggregate face value of $450,000 during the year ended July 31, 2015, upon which $12,558 of interest expense was incurred during the three months ended October 31, 2015. The Company also issued convertible promissory notes with an aggregate face value of $300,000 during the year ended July 31, 2015. The Company incurred interest accretion expense of $1,231 related to the deemed discount on the convertible promissory notes (see note 16 of the Financial Statements) during the three month period ended October 31, 2015. The Company also incurred interest expense of $2,062 on short-term advances from a related party during the three month period ended October 31, 2015.

Occupancy expenses of $53,877 related to rent and utilities were incurred during the three month period ended October 31, 2015. Occupancy expenses of $52,767 for the three month period ended October 31, 2014.

The remaining expenses of $32,628 incurred during the three month period ended October 31, 2015 relate to various operating expenses including, but not limited to, insurance, listing and filing fees, travel and general office expenses.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three month period ended October 31, 2015.

	Three Month Period ended	
	October 31, 2015	October 31, 2014
	$	$
Cash flow used in operating activities	**(163,296)**	(333,640)
Cash flow used in investing activities	**(72)**	(370,925)
Cash flow generated by financing activities	**342,500**	495,196
Net increase (decrease) in cash	**179,132**	(209,369)

Operating Activities

Cash flows used in operating activities were $163,296 for the three month period ended October 31, 2015, compared to cash flows used of $333,640 for the three month period ended October 31, 2014. The decrease in the amount of cash used in operating activities is primarily attributable to an increase in the amount of the Company's accounts payable and accrued liabilities in the three month period leading up to October 31, 2015.

Investing Activities

Cash flows used in investing activities were $72 for the three month period ended October 31, 2015, compared to cash flows used of $370,925 for the three month period ended October 31, 2014. The decrease in the amount of cash used in investing activities is primarily attributable to the construction of the Company's Facility which had been the primary focus of Abba Corp's efforts throughout the three month period ended October 31, 2014 while its application for the License was being processed by Health Canada. The Company has completed the first phase of the Facility and has delayed the construction of any subsequent phase until it is able to raise sufficient capital. As such, there were no significant expenditures on plant and equipment during the three month period ended October 31, 2015.

Financing Activities

Cash flows provided by financing activities were $342,500 for three month period ended October 31, 2015, compared to cash flows of $495,196 for the three month period ended October 31, 2014. Cash flow provided by financing activities during the three month period ended October 31, 2014 was related to the issuance of share capital as well as short-term borrowings. The majority of the cash flow from investing activities generated during the three month period ended October 31, 2015 was related to subscriptions for 3,000,000 common shares that was issued subsequent to October 31, 2015.

Condensed Interim Consolidated Statements of Financial Position

The total current assets of the Company amounted to $484,656 as at October 31, 2015, compared to $310,291 as at July 31, 2015. The most significant change between the two dates relates to an increase in cash as a result of the receipt of subscriptions for common shares of the Company as well as an increase in the amount of refundable HST paid during the quarter ended October 31, 2015.

The Company's current liabilities as at October 31, 2015 amounted to $2,886,463 compared to $2,524,908 as at July 31, 2015. The most significant change in the current liabilities between the two periods is with respect to an increase in accounts payable and accrued liabilities related to operating expenses incurred during the quarter ended October 31, 2015.

During the three months ended October 31, 2015 the Company received subscriptions of $300,000 for 3,000,000 common shares of the Company (the shares were issued subsequent to October 31, 2015). The Company continues to seek investors in order to raise additional capital in order to address its current working capital deficiency and to provide working capital for future operations and the completion of the second and third phases of its Facility. There is no certainty that the Company will be successful in raising financing, and as such there is uncertainty the Company will be able to continue as a going concern.

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "ABA".

Subsequent to the quarter ended October 31, 2015, the Company issued 3,000,000 common shares of the Company related to gross proceeds of $300,000 received during the three months ended October 31, 2105 pursuant to a non-brokered private placement.

As of December 29, 2015, the Company has a weighted average of 65,265,364 issued and outstanding voting participating common shares.

Warrants

As of December 29, 2015, the Company had 5,487,723 warrants exercisable at $0.25 outstanding. The warrants can be exercised at any time until March 14, 2016.

Stock Options

As of December 29, 2015, the Company had 450,000 options outstanding, which had yet to vest. The options are exercisable at $0.46 per share until June 5, 2020.

Related Party Transactions

a) The Company leases plant and office space from 1083922 Ontario Inc., a company related to one of the Company's corporate shareholders pursuant to three (3) leases that expire on December 31, 2017 and January 31, 2019. During the three month period ended October 31, 2015, the Company was charged occupancy expenses of $53,440 (2014 - $46,793). As at October 31, 2015, prepaid expenses included $58,802 (2014 - $72,228), deferred lease inducement included $14,462 (2014 - $10,528) and accounts payable and accrued liabilities included $73,152 (2014 - $7,743) payable to this company.

b) Consulting services in the amount of $62,500 for the three month period ended October 31, 2015 (2014 - $30,000) were charged by Ezzigroup Inc. a company controlled by Ahmad Rasouli, the Chief Executive Officer and director of the Company. As at October 31, 2015, accounts payable and accrued liabilities included $104,479 (2014 - $11,300) payable to this company.

c) During the three month period ended October 31, 2015, a total of $Nil (2014 - $2,500) of advertising and promotional expenses and salaries of $4,327 (2014 - $6,287) were paid to Ali Rasouli, an individual related to the Chief Executive Officer and director of the Company.

d) Professional services in the amount of $16,075 for the three month period ended October 31, 2015 (2014 – $Nil) were charged by Kronis, Rotsztain, Margles Cappel LLP, a law firm of which Paul Cancilla, a director of the Company, is a partner. As at October 31, 2015, accounts payable and accrued liabilities included $118,652 payable to this law firm.

e) Professional services in the amount of $12,000 for the three month period ended October 31, 2015 (2014 – $Nil) were charged by Forbes Andersen LLP an accounting firm of which Paul Andersen, a director of the Company, is a partner. As at October 31, 2015, accounts payable and accrued liabilities included $118,652 payable to this accounting firm.

f) Professional services in the amount of $10,500 for the three month period ended October 31, 2015 (2014 – $Nil) were charged by Services Administratifs Richard Vallée Inc., a firm of which Richard Vallée, a director of the Company, is a partner. As at October 31, 2015, accounts payable and accrued liabilities included $131,807 payable to this firm.

g) During the three month period ended October 31, 2015, the Company expensed directors fees in the amount of $3,750 to Ahmad Rasouli ($500), Georges Durst ($500), Dennis dos Santos ($500), Michel Boucher ($250), Nick Migliore ($500), Paul Andersen ($500), Paul Cancilla ($500) and Richard Vallée ($500), resulting in accounts payable and accrued liabilities in the amount of $3,750 as at October 31, 2015 (2014 – Nil).

h) During the year ended July 31, 2015, the Company granted 450,000 stock options to directors of the Company. The amount of stock-based compensation expense for the three month period ended October 31, 2015 related to these stock options was $50,977.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Off Balance Sheet Arrangements

To the best of management’s knowledge, there are no 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.

Statement of Compliance

The Company's Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Financial Statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015, and were approved by the Company's Board of Directors on December 29, 2015.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Abba Corp.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba Corp. is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba Corp. and has the ability to affect those returns through its power over Abba Corp. by way of its ownership of all of the issued and outstanding common shares of Abba Corp.

The functional currency of the Company and Abba Corp. is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivable - the recoverability of other receivable;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the inputs used in determining any potential contingencies.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company's cash, other receivables, amounts due to / from a related company, short-term advances to / from a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that Abba Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which Abba Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

Abba Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on Abba Group and its securities.

Commodity price risks

Marijuana is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical marijuana is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. Abba Group believes there is downward pressure on the average price for medical marijuana and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to Abba Corp. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical marijuana. An adverse change in the marijuana prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on Abba Group and its securities.

Financing risks

Entering the *MMPR* regulated medical marijuana marketplace requires substantial outlay of capital. Abba Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that Abba Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on Abba Group and its securities.

Credit Risk

Abba Group is not exposed to any significant credit risk as at October 31, 2015. Abba Group's cash is on deposit with a highly rated financial institution in Canada. Abba Group's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at October 31, 2015, the Company has current assets of $484,656 and current liabilities of $2,886,463. The Company has a working capital deficiency as at October 31, 2015 of $2,401,807. Abba Group raises capital as needed to mitigate its liquidity risk.

Currency Risk

Abba Group is exposed to currency risk on the outstanding balance of US$72,500 (2014 - US$250,000) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At October 31, 2015, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the three month period would have been $9,479 (2014 - $27,260) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at October 31, 2015, all of Abba Group's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no interest rate risk associated with Abba Group's financial instruments.

Risks Related to the Operations of Abba Corp.

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer under the MMPR

Abba Corp. has applied to Health Canada to become a Licensed Producer under the MMPR that would enable Abba Corp. to cultivate and sell medical marijuana to patients across Canada. Abba Corp. has not yet received a License and as such is not a Licensed Producer. Abba Corp.'s ability to cultivate, store and sell medical marijuana in Canada is dependent on obtaining the License from Health Canada and there can be no assurance that Abba Corp. will obtain the License. Abba Corp. is currently in the review stage of the licensing process.

Abba Corp.'s success to date includes:

1. Abba Corp. has advanced to the review stage of the licensing process;

2. Abba Corp. personnel have passed through the security clearance stage of the licensing process; and

3. Abba Corp. has completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a License, such License will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of Abba Corp. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Corp. would be required to

submit an application for renewal to Health Canada containing information prescribed under the MMPR and renewal cannot be assured.

Licensing Requirements under the MMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* ("**CDSA**"), the MMPR, the *Narcotic Control Regulations*, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance**: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 *Abba Corp.'s current stage of the licensing process*	**Review**: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	**Pre-License Inspection**: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.
Stage 6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the MMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the MMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the MMPR will a license be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial

and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a License under the MMPR

The timeframes and costs required for Abba Group's or any applicant for a License under the MMPR to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Regulatory Risks

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

Furthermore, although the operations of Abba Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Abba Group's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on Abba Group.

Governmental Regulations and Risks

In the event that Abba Group obtains the License for the production of medical marijuana as currently proposed its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Abba Group's operations.

Government approvals and permits are currently, and may in the future, be required in connection with Abba Group's operations. To the extent such approvals are required and not obtained; Abba Group may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Abba Group may be required to compensate those suffering loss

or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on Abba Group and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. Abba Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Abba Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

Abba Group's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

Abba Group's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Abba Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Abba Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Abba Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Abba Group's business, operating results or financial condition.

Insurance and Uninsured Risks

Abba Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Abba Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Abba Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Abba Group is not generally available on acceptable terms. Abba Group might also become subject to liability for pollution or other hazards which may not be insured against or which Abba Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Abba Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, Abba Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on Abba Group's business, financial condition and prospects.

Difficulty to Forecast

Abba Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for Abba Group to provide reliable financial reports and to help prevent fraud. Although Abba Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Abba Group under Canadian securities law, Abba Group cannot be certain that such measures will ensure that Abba Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Abba Group's results of operations or cause it to fail to meet its reporting obligations. If Abba Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Abba Group's consolidated financial statements and materially adversely affect the trading price of Abba Group shares.

Litigation

Abba Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Abba Group becomes involved be determined against Abba Group such a decision could adversely affect Abba Group's ability to continue operating and the market price Abba Group shares and could use significant resources. Even if Abba Group is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Marijuana Industry

Federal Court Case

There are currently many license holders under the old regime created by the MMAR that are granted an exemption to cultivate marijuana subject to the final determination of a constitutional challenge in *Allard v. Her Majesty the Queen* ("**Allard**"). The outcome of Allard will determine the constitutionality of shifting the license holders from the MMAR regime into the MMPR regime. At this time, it is unclear how the Federal Court will rule on the issue. The Allard trial began in February and closing arguments were heard in April of 2015. It is not clear when the court will issue its final ruling; however, both sides are on record stating intention to appeal a negative ruling, in which case the issue will likely remain undecided until further judicial consideration. The risks to the business of Abba Group represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR. This could significantly reduce the addressable market for Abba Group products and could materially and adversely affect the business, financial condition and results of operations of Abba Group.

Legislative or Regulatory Reform

Abba Group's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Abba Groups, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Abba Group anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this MD&A, the MMPR have already been amended further.

Unfavorable Publicity or Consumer Perception

Management of Abba Group believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of Abba Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Abba Group's proposed products and the business, results of operations, financial condition and cash flows of Abba Group. Abba Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Abba Group, the demand for Abba Group's proposed products, and the business, results of operations, financial condition and cash flows of Abba Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Abba Group's proposed products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Competition

If Abba Group is successful in securing a License; Abba Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Abba Group. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Abba Group. In addition, the government has only issued 26 licenses to date, under the MMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Abba Group. Because of the early stage of the industry in which Abba Group operates, Abba Group expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Abba Group expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Abba Group will require a continued high level of investment in research and development, marketing, sales and client support. Abba Group may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Abba Group.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the three month period ended October 31, 2015 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the three month period ended October 31, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Commitments and Contingencies

(a) Abba Group has commitments under operating leases for its facilities (including the Facility). The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$195,828
2017	$200,627
2018	$174,873
2019	$78,041

Subsequent Event

Subsequent to the three month period ended October 31, 2015, the Company issued 3,000,000 common shares of the Company for gross proceeds of $300,000 which was received during the period ended October 31, 2105 pursuant to a non-brokered private placement.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of 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 state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical marijuana (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical marijuana, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical marijuana under the MMPR; financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical marijuana industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company 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.

This MD&A was prepared on December 29, 2015. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Ahmad Rasouli	*(signed)* Michael Johnston, CPA, CA
Chief Executive Officer	Chief Financial Officer

ABBA MEDIX GROUP INC.
(Formerly "Saratoga Electronic Solutions Inc.")

Management's Discussion and Analysis

For the Year Ended July 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Abba Medix Group Inc. (formerly "Saratoga Electronic Solutions Inc.") (the "Company") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the consolidated financial statements and related notes thereto of the Company for the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014 (the "Financial Statements"). The Company files its consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the year ended July 31, 2015 and the period from August 21, 2013 to July 31, 2014 were reviewed and approved by the Board of Directors of the Company on November 30, 2015.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Colombia) and continued under the *Canada Business Corporations Act.* The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABA". The address of the registered office is 1773 Bayly Street, Pickering, ON.

Business Overview

On February 24, 2015, the shareholders of Abba Medix Corp. ("Abba Corp." together with the Company, "Abba Group") entered into a definitive share exchange agreement (the "Share Exchange Agreement") with the Company pursuant to which, each shareholder of Abba Corp. exchanged, transferred and assigned all of the Class A Common shares of Abba Corp. he, she or it owned to the Company in consideration of the Company's issuance to such shareholder a number of common shares of the Company on the basis of thirty-two (32) common shares of the Company for each one (1) Class A Common share of Abba Corp. (the "Transaction").

Upon completion of the Transaction, the former shareholders of Abba Corp. became the controlling shareholders of the Company. For accounting purposes, Abba Corp. is the deemed acquirer and the Company the deemed acquired company, and accordingly, Abba's balances are accounted for at their carrying values and the Company's balances are accounted for at fair value. Since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

Following completion of the Transaction during the period ended July 31, 2015, Abba Corp.'s shareholders held 42,780,064 of the 61,241,364 issued and outstanding common shares of the Company, while the existing Company shareholders held the remaining 18,461,300 common shares.

The allocation of the consideration transferred is as follows:

Consideration transferred (18,461,300 shares at a price of $0.234 per share)	$4,326,694
Net assets (liabilities) of the Company acquired	(209,364)
Deemed transaction costs	$4,536,058

The acquisition-date fair value of the consideration transferred by the Company for its interest in Abba Corp. is based on the number of equity interests Abba Corp. would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the Transaction as described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for Abba Corp. An adjustment has been booked to adjust the fair market value of the Company's equity interest in Abba accordingly.

The Company incurred other professional fees of $721,755 in connection with the Transaction that have been expensed as transaction costs on the statement of loss and comprehensive loss in the Financial Statements. Upon close of the Transaction, the Company issued 5,511,723 warrants to a consultant pursuant to a consulting agreement. The fair value of the warrants of $606,994 has been expensed as transaction costs on the statement of loss and comprehensive loss in the Financial Statements.

In connection with the completion of the Transaction, the Company delisted its common shares from the NEX board of the TSX Venture Exchange (the "TSXV"), and listed its common shares on the CSE.

About Abba Medix Corp.

Abba Corp. is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* ("MMAR") and enacted the *Marihuana for Medical Purposes Regulations* (the "MMPR") which established the new regulatory framework governing the production and distribution of medical marijuana for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to produce and distribute medical marijuana (the "License") and become a licensed producer (a "Licensed Producer") under the MMPR. Abba Corp. has secured a 45,000 square foot facility to support its production plan and has invested over $1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the Licence, Abba Corp. will continue to build out the facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Corp.'s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Business Developments during the Year Ended July 31, 2015

Since becoming a reporting issuer in March 2015, Abba Group has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical marijuana industry. It is Abba Group's vision to become a fully integrated medical cannabis producer, in all its forms, selling direct to patients under the MMPR. Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production facility in Pickering, Ontario (the "Facility"). The Facility is ready to commence operations once the License is obtained, and the Company is working closely with Health Canada on a regular basis to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR and ready for a pre-license inspection by Health Canada. As of October 2015, Abba Corp.'s application has advanced to the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements Under the MMPR.*

In early calendar 2015, the Company decided to pursue strategic opportunities that could add value to the Company and its shareholders, and bring the Company to market as a Licensed Producer of medical marijuana which would provide immediate revenue for the Company.

In March 2015, the Company entered into a Letter of Intent ("LOI") with 9037136 Canada Inc., operating and known as RedeCan Pharm ("RedeCan"), for total consideration of $11,000,000 in cash and shares of the Company. Through the acquisition of RedeCan, the Company expected to be able to immediately become a Licensed Producer and also provide patients with product grown in a greenhouse environment. This would have benefited the Company in terms of achieving low-cost production while being able to offer high quality product to compete in the marketplace.

The Company also signed a binding memorandum of understanding with 2457513 Ontario Ltd. ("2457513") and Blow Canada Inc. ("Blow Canada") to acquire 100% of the issued and outstanding shares of 2457513 immediately following the acquisition by 2457513 of all the assets of Blow Canada, including the shares of its United States subsidiary Blow Vapor Inc., for total consideration of $5,500,000 in cash and shares of the Company. The completion of this transaction offered the Company a new platform of delivery methods in oil and vapor form which would enable physicians and patients to monitor the intake of daily usage in a more accurate way.

In June 2015, the Company appointed Jacob Securities as an exclusive agent in connection with the strategic and operational development of the Company's business platform, after-market support, and future raises of capital through private placements to fulfill the capital requirements of the two acquisitions described above and to provide working capital for the Company. However, as a result of major changes in the market which were out of the Company's control, the Company was unable to raise the necessary financing to close both acquisitions and eventually, both acquisitions were terminated.

The Canadian medical cannabis marketplace continues to experience changes at a rapid pace. The decision of the Supreme Court of Canada in *R v Smith* (2015 SCC 34), had a significant impact on the operating assumptions of the industry. The Supreme Court of Canada issued a decision, affirming that with respect to those persons entitled to possess dried marijuana, it was unconstitutional to restrict possession of non-dried forms of cannabis. In response, Health Canada issued various exemptions under section 56 of the *Controlled Drugs and Substances Act*, to expand the scope of the medical marijuana program beyond dried marijuana and include fresh marijuana as well as cannabis oil. Management continues to monitor the industry very closely from every direction and continues to seek opportunities that can be expected to bring value to the Company and its shareholders.

During the year ended July 31, 2015, the Company completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of marijuana per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility have been postponed until the Company raises sufficient financing.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of November 30th, 2015, Abba Corp. has yet to receive its License from Health Canada. The Company has incurred substantial losses to date and has an accumulated deficit of $9,130,196 as at July 31, 2015.

Abba Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the Licence, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due, and its ability to generate positive cash flows from operations. To date, Abba Group has not generated revenue from operations. During the year ended July 31, 2015, Abba Group incurred a net

loss of $8,875,420. As at July 31, 2015, Abba Group had current assets of $313,193 and current liabilities of $2,524,908. Abba Group had a working capital deficiency of $2,214,617 as at July 31, 2015.

These conditions have resulted in material uncertainties that may cast significant doubt about Abba Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should Abba Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report Abba Group’s assets and liabilities at liquidation values could be material to the Financial Statements.

Selected Annual Information

The following selected financial data for Abba Group’s most recently completed financial periods are derived from the audited financial statements of Abba Group.

	As at and for the Year Ended July 31, 2015 $	As at July 31, 2014 and for the period from August 21, 2013 to July 31, 2014 $
Loss and comprehensive loss for the year	(8,875,420)	(254,776)
Current assets	310,291	371,024
Non-current assets	1,749,298	573,186
Current liabilities	2,524,908	437,315
Non-current liabilities	15,929	11,670
Working capital (deficiency)	(2,214,617)	(66,291)
Deferred income tax recovery	6,332	-
Share capital	7,996,114	750,001
Shareholders’ deficit	(481,248)	495,225
Loss per share – basic and diluted	(0.16)	(0.02)

Quarterly Results

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Year ended July 31, 2015			
Quarter ended July 31, 2015	-	(1,607,955)	(0.03)
Quarter ended April 30, 2015	-	(6,441,133)	(0.11)
Quarter ended January 31, 2015	-	(331,209)	(0.01)
Quarter ended October 31, 2014	-	(495,123)	(0.01)
Year ended July 31, 2014			
Quarter ended July 31, 2014	-	(121,324)	(0.35)
Quarter ended April 30, 2014	-	(122,649)	(0.35)
Quarter ended January 31, 2014	-	(887)	-
Period from August 21, 2013 to October 31, 2013	-	(9,916)	(0.04)

Note: For comparative purposes, the total revenue, net income (loss) and net earnings per share in the previous two annual and quarterly tables are the historical results of Abba Corp. and have been adjusted to reflect the weighted average number of common shares throughout the fiscal year.

RESULTS OF OPERATIONS

Revenues

Abba Group did not have any revenue for the years ended July 31, 2015 and 2014 as it is in the process of obtaining the Licence and completing construction of the Facility.

Expenses

Total expenses for the year ended July 31, 2015 were $8,881,752. Included in this figure are non-cash transaction costs of $4,536,807 as a result of accounting for the Transaction in accordance with IFRS, non-cash transaction costs of $606,994 related to the fair value of warrants issued to a consultant in connection with the Transaction and $29,690 of non-cash share-based compensation expense related to the fair value of 450,000 stock options issued to directors during the year ended July 31, 2015. Total expenses of Abba Corp. for the period from August 21, 2013 to July 31, 2014 were $254,776, as Abba Corp. was in the initial stages of constructing the Facility following the submission of its application for the License.

In addition to the non-cash transaction costs discussed previously, Abba Group incurred additional transaction costs of $721,755 during the year ended July 31, 2015. These costs relate to accounting and legal services rendered in connection with the Transaction.

Abba Group incurred consulting fees expenses of $1,043,271 during the year ended July 31, 2015. Included in these costs are fees paid to the Company’s CEO and CFO as well as other fees paid to external consultants for services in connection with business development, product development and investor relations. Also included in this amount is a non-cash expense of $400,000 related to the fair value of 1,000,000 common shares of the Company issued to a consultant pursuant to a strategic advisory agreement. Consulting fees of Abba Corp. incurred during the period from August 21, 2013 to July 31, 2014 amounted to $137,500, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor.

Salaries and benefits expense for the year ended July 31, 2015 were $339,529 and relate to the addition of seven employees. Abba Corp. did not incur any such expenses during the comparative period from August 21, 2013 to July 31, 2014.

License and registration fees amounted to $138,986 during the year ended July 31, 2015 which relate to fees paid for a license granted to the Company for the exclusive right to distribute intellectual property regarding the use of marijuana for medical purposes to health care professionals. During the year ended July 31, 2015, the license was cancelled. Abba Corp. did not incur any such expenses during the comparative period from August 21, 2013 to July 31, 2014.

The Company incurred advertising and promotional expenses of $252,725 during the year ended July 31, 2015, which is primarily related to fees paid to an advisor with respect to strategic brand development, expenses related to the preparation of promotional materials, and the cost of an event held for Company's shareholders in February 2015. Abba Corp. incurred advertising and promotional expenses of $2,674 during the comparative period from August 21, 2013 to July 31, 2014.

Professional fees of $360,570 were incurred during the year ended July 31, 2015, and include general legal and accounting and securities advisory services not specifically related to the Transaction. Abba Corp. incurred professional fees of $26,433 during the period from August 21, 2013 to July 31, 2014 that related to general legal and accounting services.

In connection with the planned acquisition of RedeCan discussed previously, as well as a no-shop fee paid towards a separate licensing agreement, the Company incurred business acquisition costs of $380,177. The majority of the fees relate to the RedeCan transaction and are not expected to recur in the future. The Company did not incur any such expenses during the period from August 21, 2013 to July 31, 2014.

In order to complete the construction of the first phase of the Facility, as well as to fund working capital requirements, the Company issued promissory notes with an aggregate face value of $450,000 during the year ended July 31, 2015, upon which $19,256 of interest expense was incurred. The Company also issued convertible promissory notes with an aggregate face value of $300,000 during the year ended July 31, 2015. The Company incurred interest accretion expense of $23,893 related to the deemed discount on the convertible promissory notes (see note 15 of the Financial Statements) during the year ended July 31, 2015. The Company also incurred interest expense of $2,936 on short-term advances from a related party during the year ended July 31, 2015.

Occupancy expenses of $232,961 related to rent and utilities was incurred during the year ended July 31, 2015. Occupancy expenses of $72,841 for the period from August 21, 2013 to July 31, 2014 were significantly lower as the Company took occupancy of the facility in early calendar 2014.

The remaining expenses of $192,951 incurred during the year ended July 31, 2015 relate to various operating expenses including, but not limited to, insurance, listing and filing fees, travel and general office expenses.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's consolidated financial statements for the year ended July 31, 2015.

	Period ended	
	July 31, 2015	**July 31, 2014**
	$	**$**
Cash flow used in operating activities	**(2,254,848)**	(283,844)
Cash flow used in investing activities	**(1,266,554)**	(218,324)
Cash flow generated by financing activities	**3,313,754**	716,130
Net increase (decrease) in cash	**(207,648)**	213,962

Operating Activities

Cash flows used in operating activities were $2,254,848 for the year ended July 31, 2015, compared to cash flows used of $283,844 for the period from August 21, 2013 to July 31, 2014. The increase in the amount of cash used in operating activities is primarily attributable to the fact that Abba Corp. was in the initial stages of development during the period from August 21, 2013 to July 31, 2014 and overall expenses of the Company were low.

Investing Activities

Cash flows used in investing activities were $1,266,554 for the year ended July 31, 2015, compared to cash flows used of $218,324 for the period from August 21, 2013 to July 31, 2014. The increase in the amount of cash used in investing activities is primarily attributable to the construction of the Company's Facility which has been the primary focus of the Company's efforts throughout the year ended July 31, 2015 while its application for the License is being processed by Health Canada. Abba Corp. had only recently started the construction of its Facility as at July 31, 2014.

Financing Activities

Cash flows provided by financing activities were $3,313,754 for year ended July 31, 2015, compared to cash flows of $716,130 for the period from August 21, 2013 to July 31, 2014. Cash flow provided by financing activities during period from August 21, 2013 to July 31, 2014 was related to the issuance of share capital. The majority of the cash flow from investing activities generated during the year ended July 31, 2015 was related to issuance of share capital. However, the Company also raised proceed of $450,000 and $300,000 through the issuance of promissory notes and convertible promissory notes, respectively.

Consolidated Statements of Financial Position

The total current assets of the Company amounted to $310,291 as at July 31, 2015, compared to $371,024 as at July 31, 2014. While the total balances are similar between the two periods, the composition of the Company's current assets changed from July 2014 to July 31, 2015. Included in current assets at July 31, 2015 is cash of $6,314 (2014 - $213,962), other receivables of $103,627 (2014 - $Nil), HST recoverable of $83,458 (2014 - $59,889) and prepaid expenses of $116,892 (2014 - $63,302). As at July 31, 2014, current assets also included a short-term advance to a related party of $25,000 and amounts due from a related party of $8,871.

The Company's current liabilities as at July 31, 2015 amounted to $2,524,908 compared to $437,315 as at July 31, 2014. Included in current liabilities as at July 31, 2015 are accounts payable and accrued liabilities of $1,561,619, promissory notes of $450,000, convertible promissory notes of $298,769, short-term advance from a related party of $138,130, GST and QST payable of $74,693, and an amount due to a director of the Company of $1,697. As at July 31, 2014, accounts payable and accrued liabilities accounted for all of the Company's current liabilities.

Subsequent to July 31, 2015, the Company issued 3,000,000 for gross proceeds of $300,000 pursuant to a non-brokered private placement. The Company continues to seek investors in order to raise additional

capital in order to address its current working capital deficiency and to provide working capital for future operations and the completion of the second and third phases of its Facility. There is no certainty that the Company will be successful in raising financing, and as such there is uncertainty the Company will be able to continue as a going concern.

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "ABA".

During the year ended July 31, 2015, Abba Corp. issued 322,011 common shares for proceeds of $2,414,900 pursuant to private placements. Abba Corp. incurred share issuance costs of $15,297 in connection with these private placements.

During the year ended July 31, 2015, Abba Corp. issued 14,866 common shares as settlement of trade payables in the amount of $111,500.

Pursuant to the Transaction described in note 1 of the Financial Statements, the shareholders of Abba Corp. exchanged each of their Class A Common shares of Abba Corp. for 32 common shares of the Company, which resulted in the issuance of 42,780,064 common shares of the Company to the shareholders of Abba Corp.

During the year ended July 31, 2015, the Company issued 24,000 common shares pursuant to the exercise of 24,000 warrants for gross proceeds of $6,000. The fair value of the warrants of $2,316 has been allocated to share capital.

During the year ended July 31, 2015, the Company issued 1,000,000 common shares to a consultant pursuant to a consulting agreement disclosed in note 25(a) of the Financial Statements at a fair value of $0.40 per share.

Subsequent to the year ended July 31, 2015, the Company issued 3,000,000 common shares of the Company for gross proceeds of $300,000 pursuant to a non-brokered private placement.

As of November 30, 2015, the Company has a weighted average of 65,265,364 issued and outstanding voting participating common shares.

Warrants

During the year ended July 31, 2015, the Company issued 5,511,723 warrants in connection with the Transaction as discussed in note 1 of the Financial Statements pursuant to a consulting agreement. The fair value of the warrants issued was estimated at $606,994. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 12 months from the date of the close of the Transaction.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.60%
Expected life	12 months
Expected volatility	130.56%*
Share price	$0.234
Forfeiture rate	Nil

*Based on volatility of comparable companies

During the year ended July 31, 2015, the Company issued 24,000 common shares pursuant to the exercise of 24,000 warrants for gross proceeds of $6,000. The fair value of the warrants exercised of $2,316 has been allocated to share capital.

As of November 30, 2015, the Company has 5,487,723 warrants exercisable at $0.25 were outstanding. The warrants can be exercised at any time until March 14, 2016.

Stock Options

During the year ended July 31, 2015, the Company issued 450,000 stock options to its directors. Each stock option entitles the holder to acquire one common share of the Company at a price of $0.46 for a period of five years from the date of grant. The stock options vest over a period of twelve months and will expire June 5, 2020.

The fair value of the stock options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.07%
Expected life	5 years
Expected volatility	176.81%*
Share price	$0.475
Forfeiture rate	Nil

*Based on volatility of comparable companies

As of November 30, 2015, all of the options granted remain outstanding.

Related Party Transactions

a) The Company leases plant and office space from 1083922 Ontario Inc., a company related to one of the Company's corporate shareholders pursuant to three leases that expire on December 31, 2017 and January 31, 2019. During the year ended July 31, 2015, the Company was charged occupancy expenses of $206,785 (2014 - $64,158). As at July 31, 2015, prepaid expenses included $61,302 (2014 - $63,302), deferred lease inducement included $15,603 (2014 - $11,970) and accounts payable and accrued liabilities included $34,299 (2014 - $3,872) payable to this company.

b) Consulting services in the amount of $185,833 (2014 - $10,000) were charged by Ezzigroup Inc. a company controlled by Ahmad Rasouli, the Chief Executive Officer and director of the Company. As at July 31, 2015, accounts payable and accrued liabilities included $33,854 (2014 - $3,955) payable to this company.

c) A total of $2,212 (2014 - $2,500) of advertising and promotional expenses, salaries of $39,808 (2014 - $Nil) and consulting fees of $Nil (2014 - $5,000) were paid to an Ali Rasouli, an individual related to the Chief Executive Officer and director of the Company.

d) Professional services in the amount of $83,699 (2014 – $Nil) were charged by Kronis, Rotsztain, Margles Cappel LLP, a law firm of which Paul Cancilla, a director of the Company, is a partner. As at July 31, 2015, accounts payable and accrued liabilities included $109,621 payable to this law firm.

e) Professional services in the amount of $43,000 were charged by Forbes Andersen LLP an accounting firm of which Paul Andersen, a director of the Company, is a partner. The professional fees were allocated as $28,000 to professional fees and $15,000 to transaction costs. As at July 31, 2015, accounts payable and accrued liabilities included $106,652 payable to this accounting firm.

f) Professional services in the amount of $62,690 were charged by Services Administratifs Richard Vallée Inc., a firm of which Richard Vallée, a director of the Company, is a partner. As at July 31, 2015, accounts payable and accrued liabilities included $119,942 payable to this firm.

g) During the year ended July 31, 2015, the Company expensed directors fees in the amount of $8,500 to Ahmad Rasouli ($1,750), Georges Durst ($1,750), Dennis dos Santos ($500), Michel Boucher ($500), Nick Migliore ($1,250), Paul Andersen ($500), Paul Cancilla ($1,750) and Richard Vallée ($500), resulting in accounts payable and accrued liabilities in the amount of $8,500 as at July 31, 2015 (2014 – Nil).

h) During the year ended July 31, 2015, the Company granted 450,000 stock options to directors of the Company. The amount of stock-based compensation expense for the year ended July 31, 2015 related to these stock options was $29,690.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Off Balance Sheet Arrangements

To the best of management’s knowledge, there are no 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.

Statement of Compliance

The Company’s Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and their interpretations issued by the IFRS Interpretations Committee ("IFRIC") and were approved by the Company's Board of Directors on November 30, 2015.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in note 3 of the Financial Statements.

Basis of Consolidation

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Abba Corp.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba Corp. is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba Corp. and has the ability to affect those returns through its power over Abba Corp. by way of its ownership of all of the issued and outstanding common shares of Abba Corp.

The functional currency of the Company and Abba Corp. is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that

materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivable - the recoverability of other receivable;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the inputs used in determining any potential contingencies.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company's cash, other receivables, amounts due to / from a related company, short-term advances to / from a related party, accounts payable and accrued liabilities, amounts due to

director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that Abba Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which Abba Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

Abba Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on Abba Group and its securities.

Commodity price risks

Marijuana is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical marijuana is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. Abba Group believes there is downward pressure on the average price for medical marijuana and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to Abba Corp. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical marijuana. An adverse change in the marijuana prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on Abba Group and its securities.

Financing risks

Entering the *MMPR* regulated medical marijuana marketplace requires substantial outlay of capital. Abba Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that Abba Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on Abba Group and its securities.

Credit Risk

Abba Group is not exposed to any significant credit risk as at July 31, 2015. Abba Group's cash is on deposit with a highly rated financial institution in Canada. Abba Group's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. Abba Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at July 31, 2015, Abba Group has current assets of $310,291 and

current liabilities of $2,524,908. Abba Group has a working capital deficiency as at July 31, 2015 of $2,214,617. Abba Group raises capital as needed to mitigate its liquidity risk.

Currency Risk

Abba Group is exposed to currency risk on the outstanding balance of US$95,000 included in accounts payable and accrued liabilities that are denominated in United States Dollars. At July 31, 2015, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $12,426 higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at July 31, 2015, all of Abba Group's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no interest rate risk associated with Abba Group's financial instruments.

Risks Related to the Operations of Abba Corp.

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer Under the MMPR

Abba Corp. has applied to Health Canada to become a Licensed Producer under the MMPR that would enable Abba Corp. to cultivate and sell medical marijuana to patients across Canada. Abba Corp. has not yet received a Licence and as such is not a Licensed Producer. Abba Corp.'s ability to cultivate, store and sell medical marijuana in Canada is dependent on obtaining the Licence from Health Canada and there can be no assurance that Abba Corp. will obtain the Licence. Abba Corp. is currently in the review stage of the licensing process.

Abba Corp.'s success to date includes:

1. Abba Corp. has advanced to the review stage of the licensing process;

2. Abba Corp. personnel have passed through the security clearance stage of the licensing process; and

3. Abba Corp. has completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a Licence, such Licence will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Licence or any failure to maintain the Licence could have a material adverse impact on the business, financial condition and operating results of Abba Corp. Furthermore, the Licence will have an expiry date of approximately one year from the date it is granted. Upon expiration of the Licence, Abba Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the MMPR and renewal cannot be assured.

Licensing Requirements Under the MMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* ("**CDSA**"), the MMPR, the *Narcotic Control Regulations*, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance**: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 *Abba Corp.'s current stage of the licensing process*	**Review**: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.
Stage 5	**Pre-Licence Inspection**: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued.
Stage 6	**Licensing:** Once it has been confirmed through the pre-licence inspection that the applicant meets all the requirements of the MMPR, a licence will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the MMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the MMPR will a licence be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a Licence Under the MMPR

The timeframes and costs required for Abba Group's or any applicant for a Licence under the MMPR to apply for, and to receive, a Licence can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any Licence can be granted.

Regulatory Risks

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

Furthermore, although the operations of Abba Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Abba Group's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on Abba Group.

Governmental Regulations and Risks

In the event that Abba Group obtains the Licence for the production of medical marijuana as currently proposed, its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Abba Group's operations.

Government approvals and permits are currently, and may in the future, be required in connection with Abba Group's operations. To the extent such approvals are required and not obtained, Abba Group may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Abba Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on Abba Group and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. Abba Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Abba Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

Abba Group's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

Abba Group's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Abba Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Abba Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Abba Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Abba Group's business, operating results or financial condition.

Insurance and Uninsured Risks

Abba Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Abba Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Abba Group may also be unable to maintain insurance to cover these risks at

economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Abba Group is not generally available on acceptable terms. Abba Group might also become subject to liability for pollution or other hazards which may not be insured against or which Abba Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Abba Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, Abba Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on Abba Group's business, financial condition and prospects.

Difficulty to Forecast

Abba Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for Abba Group to provide reliable financial reports and to help prevent fraud. Although Abba Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Abba Group under Canadian securities law, Abba Group cannot be certain that such measures will ensure that Abba Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Abba Group's results of operations or cause it to fail to meet its reporting obligations. If Abba Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Abba Group's consolidated financial statements and materially adversely affect the trading price of Abba Group shares.

Litigation

Abba Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Abba Group becomes involved be determined against Abba Group such a decision could adversely affect Abba Group's ability to continue operating and the market price Abba Group shares and could use significant resources. Even if Abba Group is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Marijuana Industry

Federal Court Case

There are currently many license holders under the old regime created by the MMAR that are granted an exemption to cultivate marijuana subject to the final determination of a constitutional challenge in *Allard v. Her Majesty the Queen* ("**Allard**"). The outcome of Allard will determine the constitutionality of shifting the license holders from the MMAR regime into the MMPR regime. At this time, it is unclear how the Federal Court will rule on the issue. The Allard trial began in February and closing arguments were heard in April of 2015. It is not clear when the court will issue its final ruling, however, both sides are on record stating intention to appeal a negative ruling, in which case the issue will likely remain undecided until further judicial consideration. The risks to the business of Abba Group represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR. This could significantly reduce the addressable market for Abba Group products and could materially and adversely affect the business, financial condition and results of operations of Abba Group.

Legislative or Regulatory Reform

Abba Group's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Abba Groups, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Abba Group anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this MD&A, the MMPR have already been amended further.

Unfavourable Publicity or Consumer Perception

Management of Abba Group believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of Abba Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Abba Group's proposed products and the business, results of operations, financial condition and cash flows of Abba Group. Abba Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Abba Group, the demand for Abba Group's proposed products, and the business, results of operations, financial condition and cash flows of Abba Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Abba Group's proposed products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Competition

If Abba Group is successful in securing a License, Abba Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Abba Group. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Abba Group. In addition, the government has only issued 26 licenses to date, under the MMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Abba Group. Because of the early stage of the industry in which Abba Group operates, Abba Group expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Abba Group expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Abba Group will require a continued high level of investment in research and development, marketing, sales and client support. Abba Group. may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Abba Group.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting (“ICFR”) to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the year ended July 31, 2015 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company’s internal control over financial reporting during the year ended July 31, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Commitments and Contingencies

(a) During the year ended July 31, 2015, Abba Group entered into an advisory agreement to engage an advisor to act as a strategic advisor to Abba Group (the "**Advisory Agreement**") in connection with a proposed equity financing of up to $10,000,000 (the "**Proposed Financing**") and to act as an advisor to the Company until the earlier of (i) the completion of an equity financing of the Company; and (ii) August 31, 2015.

Pursuant to the Proposed Financing and Advisory Agreement, the Company will pay a onetime advisory of fee of $400,000 which can be paid, at the sole discretion of the Company, in cash and/ or, subject to regulatory approval, by the issuance of 1,000,000 common shares of the Company at a price of $0.40 per share, representing the closing

price of the common shares of the Company on the Canadian Securities Exchange on July 2, 2015, the last trading day prior to the date of the Advisory Agreement. In the event that the advisor is requested to perform services in addition to those described above, the advisor shall receive additional fees as may be agreed between the parties and the terms and conditions relating to such services shall be outlined in a separate agreement. During the year ended July, 31, 2015, the Company issued 1,000,000 common shares to the Company as described in note 16(e) of the Financial Statements.

(b) Abba Group has commitments under operating leases for its facilities (including the Facility). The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	$195,828
2017	$200,627
2018	$174,873
2019	$78,041

Subsequent Event

Subsequent to the year ended July 31, 2015, the Company issued 3,000,000 common share of the Company for gross proceeds of $300,000 pursuant to a non-brokered private placement.

FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws (collectively referred to as “forward-looking information”) which relate to future events or the Company’s future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of 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 state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical marijuana (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical marijuana, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labour; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company’s ability to raise funds; and the factors identified under “Risk Factors” in this MD&A and in the Company's Listing Application dated March 6, 2015 available under the Company’s profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical marijuana under the MMPR; financing will be available for future working capital purposes and the completion of the construction of the Company’s future production space; operating, and construction costs will not exceed management’s expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company with respect to the medical marijuana industry; debt and equity markets and other applicable economic conditions will be favourable to the Company; the availability of equipment and qualified personnel to advance the Company’s licensing and construction projects and; the execution of the Company’s existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company 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.

This MD&A was prepared on November 30, 2015. Additional information about the Company is available under the Company’s profile on the SEDAR website.

(signed) Ahmad Rasouli

Chief Executive Officer

(signed) Richard Vallée C.A., ICD.D

Chief Financial Officer

SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

For the Year Ended March 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Saratoga Electronic Solutions Inc. ("Saratoga" or the "Company") was prepared in accordance with Regulation 51-102 "Respecting Continuous Disclosure Obligations" and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the years ended March 31, 2014 and 2013. The Company files its audited consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its audited consolidated financial statements on the basis of International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

This MD&A may contain information and declarations on the future performance of the Company that are by nature forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The audited consolidated financial statements and MD&A of the Company in respect of the year ended March 31, 2014 and 2013 were reviewed by the Audit Committee and approved by the Board of Directors of the Company on July 28, 2014.

OVERVIEW

The Company is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange under the symbol "SAR". The Company is headquartered in Montreal, Quebec, Canada.

Business Overview

The Company, through its wholly-owned subsidiary 9261-5277 Québec Inc. ("Quebec Inc."), earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1 which is where the head office of the Company is located. This property was sold at year end and the Company no longer has any operations.

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

Disposition of Property

On March 31, 2014, the Company sold the property owned by Québec Inc.for a total cash consideration of $1,200,000. The amount of $1,200,000 is held in Trust as at March 31, 2014 by the law firm of Seal Seidman S.E.N.C., a firm of which Donald Seal, a director of the Company, is a partner.

The proceeds were partially used as the Company redeemed 705,000 Class ‘‘D’’ preferred shares held by non-controlling interest for a total cash consideration of $705,000. The residual amount will be used to pay off the liabilities of the Company.

Sales taxes

In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides on-premises space allowing a third party to render financial services to its clients. The tax authorities audited the Company in the current year and refused the Company’s position and requested that the ITCs be refunded. The amount recoverable last year and payable this year were recorded as discontinued operations net of tax in the statement of comprehensive income as it related to the former ATM network segment that was disposed of in the year ended March 31, 2012.

For the year ended	**March 31, 2014**	March 31, 2013
	$	$
Sales tax assessment (recovery) pre tax	**412,563**	(399,469)
Sales tax (recovery) net of tax reported as discontinued operations	**412,563**	(292,012)

Quarterly results

Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Year ended March 31, 2014			
Fourth Quarter	-	(24,788)	(0.00135)
Third Quarter	4,768	(408,761)	(0.02214)
Second Quarter	4,767	(47,844)	(0.00259)
First Quarter	4,767	(63,938)	(0.00346)
Year ended March 31, 2013			
Fourth Quarter	5,767	(71,099)	(0.00385)
Third Quarter	7,937	323,089	0.01750
Second Quarter	14,277	(556)	(0.00003)
First Quarter	14,278	(106,480)	(0.00577)

Note: For comparative purpose, the total revenue, net income (loss) and EPS in this chart included continuing and discontinued operations.

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2014, 2013 and 2012.

	Three-month period			Year ended		
	March 31, 2014 (unaudited)	March 31, 2013 (unaudited)	March 31, 2012 (unaudited)	**March 31, 2014 (audited)**	March 31, 2013 (audited)	March 31, 2012 (audited)
	$ (except for share information)	$ (except for share information)	$ (except for share information)	**$ (except for share information)**	$ (except for share information)	**$** (except for share information)
Total assets	**1,292,128**	1,422,208	2,352,144	**1,292,128**	1,422,208	2,352,144
Bank loans	**-**	-	590,000	**-**	-	590,000
Revenue	**-**	5,767	16,642	**14,302**	42,259	59,474
Loss before net finance costs, income taxes and discontinued operations	**(7,853)**	(16,747)	(481,193)	**(154,835)**	(204,237)	(676,514)
Net finance expense	**34,520**	110	75	**38,361**	3,492	61,507
Loss before income taxes and discontinued operations	**(42,373)**	(16,857)	(481,268)	**(193,196)**	(207,729)	(738,021)
Income tax expense (recovery)	**(17,585)**	(53,491)	(225,182)	**(60,428)**	(60,671)	(129,818)
Net income (loss) from continuing activities	**(24,788)**	36,634	(256,086)	**(132,768)**	(147,058)	(608,203)
Net income (loss) from discontinued activities	**-**	(107,733)	4,205,815	**(412,563)**	292,012	4,035,987
Comprehensive income (loss)	**(24,788)**	(71,099)	3,949,729	**(545,331)**	144,954	3,427,784
Earnings (loss) per share basic	**(0.00135)**	(0.00385)	0.21395	**(0.02954)**	0.00785	0.18567
Earnings (loss) per share diluted	**(0.00135)**	(0.00385)	0.21291	**(0.02954)**	0.00785	0.18477
Weighted average number of common shares outstanding						
Basic	**18,461,300**	18,461,300	18,461,300	**18,461,300**	18,461,300	18,461,300
Diluted	**18,461,300**	18,461,300	18,551,300	**18,461,300**	18,461,300	18,551,300

Results of operations

Revenues

Revenues based on continuing operating activities information for the three-month periods ended March 31, 2014 are nil compared to the three-month periods ended March 31, 2013 of $5,767, a year over year decrease of $5,767 (100.00%).

Revenues based on continuing operating activities information for the year ended March 31, 2014 are $14,302 compared to the year ended March 31, 2013 of $42,259, a year over year decrease $27,957 (66.16%).

Administrative expenses

Administrative expenses from continuing operating activities for the three-month period ended March 31, 2014 were $20,977, compared to $2,000 for the three-month period ended March 31, 2013. Administrative expenses increased year-over-year by $18,977 (948.85%). This year-over-year increase of $18,977 is explained by an increase in professional fees of $36,069 (222.22%), offset by a decrease in taxes and licenses of $8,226 (90.05%), in utilities of $8,568 (110.10%) and in other administration expenses of $298 (14.90%).

Administrative expenses from continuing operating activities for the year ended March 31, 2014 were $158,347, compared to $341,824 for the year ended March 31, 2013. Administrative expenses decreased year-over-year by $183,477 (53.68%). This year-over-year decrease of $183,477 is explained by a decrease in closing expenses in the sale of the assets of the ATM of $5,286 (100.00%), in insurance expense of $7,846 (58.24%), in professional fees of $65,103 (39.68%), in office salaries and benefits of $87,990 (90.54%), in taxes and licenses of $7,673 (21.01%), in utilities expense of $7,484 (35.09%) and in other administration expenses of $2,095 (1.14%),

The decrease in professional fees of $65,103 (39.68%) is mainly explained by a decrease in professional services of $15,550 (31.28%) and in consulting fees of $51,498 (61.17%) offset by an increase other professional fees of $1,945 (6.45%).

The decrease in office salaries and benefits of $87,990 (90.54%) is mainly explained by the decrease in salary of $76,200 (100.00%) to M. Georges Durst, president and CEO and majority shareholder of the Company and in other benefits of $11,790 (56.18%).

Depreciation of property, equipment

Depreciation of property, plant and equipment from continuing operating activities for the three-month period ended March 31, 2014 decreased to $8,934 from $9,601 for the three-month period ended March 31, 2013, representing a year-over-year decrease of $667 (6.95%). The amount of $8,934 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of $8,638 (2013 - $9,189) and of $296 (2013 - $412) in other fixed assets.

Depreciation of property, equipment from continuing operating activities for the year ended March 31, 2014 decreased to $35,811 from $38,406 the year ended March 31, 2013, representing a year-over-year decrease of $2,595 (6.76%). The amount of $35,811 of depreciation is the aggregate of the 2975 Hochelaga, Montreal building in the amount of $34,550 (2013 - $36,755) and of $1,261 (2013- $1,651) in other fixed assets.

Money remittance costs recovery

Money remittance costs recovery from continuing operating activities of $8,014 for the year ended March 31, 2014, compared to money remittance costs recovery of $3,861 for the year ended March 31, 2013, representing a year-over-year increase in costs recovery of $4,153 (107.56%). All money remittance operations were ceased in November 2013.

Strategic revision process costs

Strategic revision process costs recovery reported from continuing operations for the year ended March 31, 2014 of Nil, compared to $129,873 strategic revision process costs recovery for the year ended March 31, 2013, representing a year-over-year costs decrease of $129,873 (100.00%). The strategic revision costs for the completed sale of the assets of the ATM business in the year ended March 31, 2012 were reduced by a recovery of $129,873 in the year ended March 31, 2013 through negotiations with lawyers and finder’s fee consultant.

Write-off of loan receivable from a private company

Write-off of loan from private company from continuing operating activities of $50,000 for the year ended March 31, 2014, compared to Write-off of loan from private company of Nil for the year ended March 31, 2013, representing a year-over-year increase in write-off of loan from private company of $50,000 (100.00%).

Gain on disposal of property, plant and equipment

Gain on disposal of property, plant and equipment from continuing operating activities of $67,007 for the year ended March 31, 2014, compared to gain on disposal of property, plant and equipment of Nil for the year ended March 31, 2013, representing a year-over-year increase in gain on disposal of property, plant and equipment of $67,007 (100.00%). The gain on disposal is the result of the sale of the 2975, Hochelaga, Montréal, Québec, H1W 1G1.

Finance costs

Finance costs from continuing operating activities for the year ended March 31, 2014 increased to $38,361 from $3,492 for the year ended March 31, 2013, representing a year-over-year increase of $34,869 (998.54%). The increase in finance costs of $34,869 is mainly explained by interest and penalties on sales taxes assessments of $33,920 and in other interest cost of $949.

Operating loss before income taxes and discontinued operations

The operating loss from continuing operating activities before income taxes of $42,373 for the three-month period ended March 31, 2014, compared to a loss of $16,857 for the three-month period ended March 31, 2013, representing a year-over-year increase in operating loss of $25,516 (151.37%).

The operating loss from continuing operating activities before income taxes of $193,196 for the year ended March 31, 2014, compared to a loss of $207,729 for the year ended March 31, 2013, representing a year-over-year decrease in operating loss of $14,533 (7.00%).

Income taxes

Income tax recovery reported from continuing operations of $60,428 for the year ended March 31, 2014, compared to income tax recovery of $60,671 for the year ended March 31, 2013, representing a year-over-year decrease in income tax expense of $243 (0.40%).

Net income from discontinued activities

Net loss from discontinued operations for the year ended March 31, 2014 was $412,563, compared to net income from discontinued operations $292,012 for the year ended March 31, 2013, representing a year over year decrease in net income from discontinued operations of $704,575 (241.28%). The loss in Québec Inc. of $412,563 for the year ended March 31, 2014 is the result of the audit and assessment by sales taxes authorities for the period April 1, 2010 to May 31, 2013. The income of $292,012 net of income taxes for the year ended March 31, 2013 is the results from the recovery of sales taxes. Refer to the section “Sales taxes”.

Total comprehensive income (loss)

The Company realized a net comprehensive loss for the three-month period ended March 31, 2014 of $24,788, compared to a net comprehensive loss for the three-month period ended March 31, 2013 of $71,099, representing a decrease in net comprehensive loss of $46,311 (65.14%).

The Company realized a net comprehensive loss for the year ended March 31, 2014 of $545,331, compared to a net comprehensive income for the year ended March 31, 2013 of $144,954 representing a decrease in net comprehensive income of $690,285 (476.21%).

Earnings (loss) per share

The loss per share - basic and diluted for the three-month period ended March 31, 2014 was $0.00135, compared to a loss per share - basic and diluted of $0.00385 for the three-month period ended March 31, 2013, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2014 and March 31, 2013.

The loss per share - basic and diluted for the year ended March 31, 2014 was $0.02954, compared to earnings per share - basic of $0.00785 for the year ended March 31, 2013, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at March 31, 2014 and March 31, 2013.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2014 and 2013.

	For the three-month period ended		For the year ended	
	March 31, 2014 (unaudited)	**March 31, 2013 (unaudited)**	**March 31, 2014 (audited)**	**March 31, 2013 (audited)**
			$	**$**
Cash flow used in operating activities of continuing operations	**(1,241,121)**	(125,733)	**(925,211)**	(230,009)
Cash flow from (used in) operating activities of discontinued operations	-	-	**(412,563)**	292,012
Cash flow used in investing activities from continuing activities	**1,200,000**	(50,000)	**1,200,000**	(50,000)
Cash flow used in financing activities from continuing operations	**-**	(125,000)	**-**	(755,955)
Net decrease in cash	**(41,121)**	(300,733)	**(137,774)**	(743,952)

Operating activities

Cash flows used in operating activities of continued operations were $1,241,121 for the three-month period ended March 31, 2014, compared to cash flows used of $125,733 for the three-month period ended March 31, 2013. The decrease of $1,115,388 (887.11%) in cash flows used in operating activities of continuing operations is primarily attributable to a decrease in generated income of $61,422 (167.66%), to a decrease in items not involving cash of $28,475 (139.57%) and an increase in changes in non-cash working capital items of $1,025,491 (561.09%).

Cash flows used in operating activities of continuing operations were $925,211 for the year ended March 31, 2014, compared to cash flows used of $230,009 for the year ended March 31, 2013. The increase of $695,202 (302.25%) in cash flows used in operating activities of continuing operations is primarily attributable to an increase in changes in non-cash working capital items of $679,090 (513.25%) and to a decrease in items not involving cash of $30,402 (61.79%), offset by a decrease in loss of $14,290 (9.72%).

Cash flows used in discontinued operating activities for the year ended March 31, 2014 were $412,563, compared to cash flows generated of $292,012 for the year ended March 31, 2013, resulting in the decrease of $704,575 (241.28%) in cash flows generated from discontinued operating activities.

Investing activities

Cash flows generated in investing activities of continuing activities were $1,200,000 for the year ended March 31, 2014 compared to cash flows used in investing activities of continuing activities of $50,000 for the year ended March 31, 2013. The increase of $1,250,000 (2,500.00%) in cash flows generated in investing activities of continuing operations is primarily attributable to an increase in proceeds of disposal of property, plant and equipment of $1,200,000 (100.00%) and to a decrease in loan receivable from a private company of $50,000 at the year ended March 31, 2013, this loan was written-off as of March 31, 2014

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Financing activities

Cash flows used in financing activities of continuing activities were Nil for the three-month period ended March 31, 2014, compared to cash flows used in financing activities of continuing activities of $125,000 for the three-month period ended March 31, 2013. This decrease of $125,000 (100.00%) in used financing activities is mainly explained by a decrease in redemption of preferred shares held by non-controlling interest of $125,000 (100.00%).

Cash flows used in financing activities of continuing activities were Nil for the year ended March 31, 2014, compared to cash flows used of $755,955 for the year ended March 31, 2013. This decrease of $755,955 (100.00%) in used financing activities is mainly explained by a decrease in bank indebtedness of $40,955 (100.00%), in short-term loans of $590,000 (100.00%) and in redemption of preferred shares held by non-controlling interest of $125,000 (100.00%).

Consolidated statements of financial position

The total assets of the Company amounted to $1,292,128 as at March 31, 2014, compared to $1,422,208 as at March 31, 2013, representing a decrease of $130,080 (9.15%). This decrease is mainly explained by the increase cash held in Trust of $1,200,000 (100.00%), in trade and other receivables of $6,966 (83.46%), in trade receivables from related parties of $16,443 (45.01%) and in income taxes recoverable of $17,585 (100.00%), offset by a decrease in cash of $137,774 (95.66%), in prepaid expenses of $14,496 (100.00%) and in loan receivable from a private company of $50,000 (100.00%) and in property and equipment of $1,168,804 (100.00%).

The Company’s current liabilities increased by $415,251 (306.38%) as at March 31, 2014 to $550,787, compared to $135,536 as at March 31, 2013. The increase of $415,251 in current liabilities is mainly explained by the decrease in trade payable and accrued liabilities of $35,903 (41.50%), in trade payables to related parties of $348 (5.93%) and in income taxes payable of $43,166 (100%), offset by an increase in sales taxes payable of $494,668 (100.00%). The sales taxes payable increase of $494,668 is mainly explained by the audit and assessment by sales taxes authorities for the period of April 1, 2010 to May 31, 2013.

Equity (deficiency) attributable to Shareholders'

Deficiency attributable to shareholders' of $403,659 as at March 31, 2014, compared to an equity attributable to shareholders' of $141,672 as at March 31, 2013, a decrease in equity attributable to shareholders' of $545,331 (384.93%).

Issued and outstanding share capital

As of July 28, 2014, the Company has a weighted average of 18,461,300 issued and outstanding voting participating common shares.

Furthermore, the Company had previously granted stock options under the Company's share compensation plan to the Company's officers, directors and employees. All options have expired as of July 28, 2014.

The Company has two series of preferred shares and is authorized to issue an unlimited number of these shares.

As of July 28, 2014, the Company has not issued any preferred shares.

RELATED PARTY TRANSACTIONS

The Company has entered into the following transactions with related parties:

Companies with common directors

The Company leases office space to Saratoga Multi-Média Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the year ended March 31, 2014, the Company realized rental income of $7,332 (2013 - $9,775) from such lease, and, as at March 31, 2014, the Company had a related account receivable of $24,334 (2013 - $15,905). This lease was terminated in December 2013.

The Company leases office space to Maison du Jazz Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the year ended March 31, 2014, the Company realized rental income of $6,970 (2013 - $9,294) from this lease, and, as at March 31, 2013, the Company had a related account receivable of $28,642 (2013 - $20,628). This lease was terminated in December 2013.

As at March 31, 2013, maintenance to the Company's building was performed by Paramount Decor Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst. This maintenance resulted in a utilities expense of $4,963 for the year ended March 31, 2013; there were no such expenses in the year ended March 31, 2014.

Directors and key management personnel

The Company received professional services from the law firm of Seal Seidman S.E.N.C., a firm of which Donald Seal, a director of the Company, is a partner, resulting in accounts payable and accrued liabilities in the amount of Nil as at March 31, 2014 (2013 – $3,594), and professional fees in the amount of Nil for the year ended March 31, 2014 (2013 – $34,000).

During the three-month period ended March 31, 2014, the Company paid director's fees in the amount of $2,000 (2013 – $1,500) and during the year ended March 31, 2014, the Company paid director's fees in the amount of $5,500 (2013 – $5,500) (Georges Durst $1,500, Donald Seal $1,500, Alfredo Pérez $1,000 and Martin Fontaine $1,500) resulting in accounts payable and accrued liabilities in the amount of $4,000 as at March 31, 2014 (2013 – Nil) (Georges Durst $1,000, Donald Seal $1,000, Alfredo Pérez $1,000 and Martin Fontaine $1,000).

The Company paid key management compensation in the amount of $(2,957) for the three-month period ended March 31, 2014 (2013 - $2,218) and $3,697 for the year ended March 31, 2014 (2013 - $85,735) to Georges Durst. These compensations were associated with his role as president and chief executive officer of the Company and resulted in accounts payable and accrued liabilities as at March 31, 2014 of $1,516 (2012 – $2,670).

OUTLOOK

The Company is seeking the business market for a new opportunity of investment. There is no guarantee that the Company will find or enter in a new investment in the next year.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no 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.

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

The audited consolidated financial statements have been approved by the Board of directors on July 28, 2014.

Basis of measurement

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

Functional and presentation currency

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

Accounting Policies

The accounting policies presented in note 3 to the audited financial statements have been applied consistently for the reporting year ended March 31, 2014 and for the comparative information.

New standards and interpretations and amendments adopted during the year ended March 31, 2014

- IFRS 13: *Fair Value Measurement*

  Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements. IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. This new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at March 31, 2014.

- *Amendments to IAS 1 – Financial Statement Presentation*

  The amendments to IAS 1 require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as remeasurements related to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that chose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. There was no impact to the Company's financial statements upon adoption of this standard.

Recent accounting pronouncements and amendments not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

- *IFRS 2 – Share-based payment*

  The amendments to IFRS 2, issued in December 2013, clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

- *IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation*

  Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- *IFRS 9 – Financial Instruments: Classification and Measurement*

  IFRS9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 – Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of the subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013, to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income ("OCI"), without having to adopt the remainder of IFRS 9, and to (iii) remove the previous mandatory effective date for adoption of January 1, 2015. The standard was later amended to introduce a new mandatory effective date for adoption of January 1, 2018 with early adoption permitted.

- *IAS 24 – Related party disclosures*

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

- *IAS 36 – Impairment of assets*

The amendments to IAS 36, issued in May 2013, require:

  - Disclosure of the recoverable amount of impaired assets; and
  - Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- *IAS 39 – Financial Instruments: Recognition and measurement*

The amendments to IAS 39, issued in June 2013, clarify that notation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the

introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

- *IFRIC 21 – Levies*

  In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

  - those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and
  - fines or other penalties that are imposed for breaches of the legislation.

  'Government' refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation of the requirements in IAS 37 for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

The Group has not yet assessed the impact of these standards on its consolidated financial statements or determined whether they will adopt the standards early.

Critical accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

- Trade and other receivables valuation - the recoverability of trade receivables;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Impairment – the assessment on events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the input used in determining the various contingencies.

Financial Instruments

Under IFRS, financial instruments are classified into one of the six categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities through profit or loss and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

		March 31, 2014	March 31, 2013
		$	$
Financial assets at fair value through profit and loss	(1)	**-**	50,000
Loans and receivables	(2)	**1,274,543**	188,908
Other financial liabilities	(3)	**550,787**	92,370

(1) Includes loan receivable from a private company
(2) Includes cash, trade and other receivables, trade receivables from related parties and funds held in trust.
(3) Includes trade payables, trade payable to related parties and sales taxes payable.

All financial instruments carried at fair value are categorized in three categories, defined below:

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

During the year ended March 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Company examines the various financial risks to which its operations are exposed. These risks may include credit risk, liquidity risk, currency risk and interest risk. Management reviews these risks on a periodic basis and when material, they are reviewed and monitored by the Board of Directors.

Fair Value

The carrying values of cash, trade and other receivables, trade receivables from related parties, funds held in trust, loan receivable from a private company, trade payables, trade payables to related parties and sales taxes payable approximate their fair values due to the short-term maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash held with banks as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company limits its exposure to credit loss by placing its cash with high credit quality

financial institutions. The Company manages credit risk from receivables by continuously monitoring the financial position of its customers and provides allowances for potentially uncollectible receivables.

Liquidity risk

Liquidity risk arises through an excess of financial obligations over available financial assets at any point of time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company had a positive working capital of $741,341 as of March 31, 2014. The maximum exposure to liquidity risk is equal to the carrying value of the financial liabilities. All financial liabilities are short-term in nature and are repayable within 12 months.

The following are the contractual maturities of financial liabilities as at March 31, 2014:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	$	$	$	$	$
Trade and other payables	550,787	(550,787)	(550,787)	-	-

While the Company continues to seek alternative financing arrangements, it is not possible to predict whether these efforts will be successful. Moreover, there is no guarantee that the amount of working capital available will be sufficient to support the future working capital needs of the Company, or that the Company would be able, if required, to gain access to additional working capital.

Risk factors

New investment risk

If the Company decides to pursue new business investment opportunities, it may require additional capital which may entail the issuance of shares and the sale of debt and equity securities. However, there can be no assurance that the Company will be able to raise the required capital to pursue such business opportunities.

Subsequent event

The Group redeemed 705,000 Class ''D'' preferred shares held by non-controlling interest.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian IFRS.

TSX Venture Exchange-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX Venture Exchange-listed issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD-LOOKING STATEMENTS

This report release contains certain forward-looking statements concerning our future operations, economic performance and financial condition. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, uncertainties and assumptions. Consequently, all of the forward-looking statements in this report are qualified by these cautionary statements. We undertake no obligation and do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

This MD&A was prepared on July 28, 2014. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Georges A. Durst
Chief Executive Officer

(signed) Richard Vallée C.A., ICD.D
Chief Financial Officer

SCHEDULE D

MD&A OF MFT

(See attached)

672800 NB INC. d/b/a MARIJUANA FOR TRAUMA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE THREE MONTHS ENDED JULY 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of 672800 NB Inc. d/b/a Marijuana for Trauma ("**MFT**" or the "**Company**") for the three months ended July 31, 2016. This MD&A should be read in conjunction with the Company's unaudited interim condensed financial statements and accompanying notes for the three month period ended July 31, 2016. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise.

The Company's accounting policies are in accordance with IFRS.

The effective date of this MD&A is November 2, 2016.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Company’s business and operations;
- the intention to grow the business and operations of the Company;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- the timely receipt of any required regulatory approvals;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually

be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

MFT'S BUSINESS

MTF is a privately-owned company incorporated under the NBBCA on October 7, 2013 doing business as Marijuana For Trauma The registered and head office of MFT is located at 255 Restigouche Road, Oromocto, NB. MFT has no subsidiaries.

MFT is a Veteran owned and operated company whose mission is to improve the quality of life for anyone suffering from Post-Traumatic Stress Disorder, chronic pain and/or other medical conditions. MFT does not currently grow or distribute cannabis. MFT provides services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, MFT has directly supported hundreds of Veterans across the country with first class service and care. MFT continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program.

MFT is currently in 8 locations and now boasts 2,200 clients as of January 31, 2016. MFT’s goal is to service 15,000 clients in 25 locations across the country by 2019.

MFT had revenues of $1,493,607 for the fiscal three month period ended July 31, 2016.

RESULTS OF OPERATIONS SETUP

Summary of Cash Flows for the three month periods ended July 31, 2016, and 2015

	2016	2015
Cash flows provided by operating activities	$414,870	$25,399
Cash flows used in financing activities	($95,534)	($46,532)
Cash flows used in investing activities	($144,635)	($16,643)
Cash, end of period	$215,464	$294,572

SUMMARY OF RESULTS FOR THE THREE MONTH PERIODS ENDED JULY 31, 2016 AND 2015

The Company had net income and comprehensive income of $97,321 for the three month period ended July 31, 2016. During the three month period ended July 31, 2015, the Company incurred a net loss and comprehensive loss of $139,761.

REVENUES

During the three month period ended July 31, 2016, the Company had total revenue of $1,493,607, an increase of $1,267,363 compared to total revenue of $226,244 for the three month period ended July 31, 2015.

The Company was successful in its structured expansion plans during the fiscal period ended July 31, 2016. The company grew from 8 location to 11 during the 12 month period and in doing so was able to reach out and expand its client base both veteran and non-veteran. The addition of each office over a staggered approach allowed the Company to expand it' client base to 2,500 veterans. This growth in patients translated directly into additional revenue as there were no other changes in the revenue streams.

EXPENSES

Operating, general and administrative expenses for the three month period ended July 31, 2016 were $1,364,381, an increase of $1,002,622 compared to similar expenses of $361,759 for the three month period ended July 31, 2015. The significant components of operating and administrative expenses incurred during the three month period ended July 31, 2016 are salaries and wages of $574,244 ($70,048 for the three month period ended July 31, 2015), professional fees of $230,082 ($87,511 for the three month period ended July 31, 2015) advertising expenses of $149,094 ($60,893 for the three month period ended July 31, 2015), travel and promotion expenses of $121,572 ($30,507 for the three month period ended July 31, 2015), sub-contractor expenses of $67,023 ($35,185 for the three month period ended July 31, 2015), rental expenses of $64,127 ($30,132 for the three month period ended July 31, 2015) office and general expenses of $84,835 ($13,647 for the three month period ended July 31, 2015). The remaining expenses include repairs and maintenance, supplies and utilities, amortization, insurance, bad debts, memberships and licenses and other operating expenses.

As anticipated, the expenses increased significantly during the fiscal period ended July 31, 2016 as the number of locations was expanded to 11 and the Company now holds a presence in 5 provinces including Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. Each office location required new staffing and added to general office expenses. Each new office opening was also accompanied by a targeted marketing campaign designed to connect the Company with its target market. All of these expenses fell within anticipated projections of costs per location. As the Company continues to expand similar expense growth should occur.

EARNINGS (LOSS) PER COMMON SHARE

The table below presents the basic and diluted income (loss) per common share for the three month periods ended July 31, 2016 and 2015.

	2016	2015
Basic and diluted earnings (loss) per common share	$993	($1,398)
Weighted average number of common shares outstanding	98	100

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

Disclosure related to the quarterly results of the Company have not been included in this MD&A as the Company has not historically prepared quarterly financial statements from which this information can be derived.

LIQUIDITY

The table below sets out the current assets, current liabilities and working capital at July 31, 2016.

	As at July 31, 2016
Cash and cash equivalents	$215,464
Accounts receivable	$1,130,972
Prepaid expenses	$61,980
Accounts payable and accrued liabilities	($997,944)
Due to shareholders	($37,169)

Income taxes payable	($119,971)
Current portion of long-term debt	($218,206)
Working capital	$35,126

As at July 31, 2016, the Company had cash available of $215,464. The Company's operating activities generated cash flow of $414,870 during the three month period ended July 31, 2016 as a result of net income for the year of $97,321, an increase in accounts payable and accrued liabilities of $527,563, and an increase in income taxes payable of $16,098. These positive cash flows were partially offset by an increase in accounts receivable of $233,917 and an increase in prepaid expenses of $10,338.

As at July 31, 2015, the Company had cash available of $294,572. The Company's operating activities generated cash flow of $25,399 during the three month period ended July 31, 2015 primarily as a result of an increase in accounts receivable of $105,533 and an increase in accounts payable and accrued liabilities of $51,947. These positive cash flows were partially offset by the net loss for the period of $139,761 and a small increase in prepaid expenses of $195.

Cash from Financing Activities

During the three month period ended July 31, 2016, the Company used $95,534 of cash in financing activities. This balance was comprised of the repayment of long-term debt of $64,668, a loan receivable advanced by the company of $30,000, and repayment of shareholder debt of $866.

During the three month period ended July 31, 2015, the Company had $46,532 of cash used in financing activities. This balance was comprised of the repayment of long-term debt of $41,851 and repayment of shareholder debt of $4,681.

Cash from Investing Activities

During the three month period ended July 31, 2016, the Company spent $144,635 on property and equipment resulting in cash flows used in investing activities of the same amount.

During the three month period ended July 31, 2015, the Company spent $16,643 on property and equipment resulting in cash flows used in investing activities of the same amount.

CAPITAL RESOURCES

To date and for the foreseeable future, the Company expects to finance its operations through utilizing cash from operations and managing expansion plans based on the growth in the client base. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

MFT has an unlimited number of class A common shares and an unlimited number of class B common shares authorized for issuance of which 98 class A common shares are issued and outstanding as at November 2, 2016. No other shares are issued and outstanding.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company does not currently have any off-balance sheet arrangements.

As at July 31, 2016, future minimum annual lease payments under various operating leases for premises and equipment are approximately as follows:

2017	$338,221
2018	$293,820
2019	$245,307

2020	$196,872
2021 and thereafter	$127,618
	$1,201,838

Sub-lease agreements - The Company also has sub-lease agreements with various third-parties and retains ultimate responsibility to the landlord for payment of amounts under these lease agreements should the sub-lessee fail to pay. Total future lease payments under such agreements are $95,625. Any payments arising from these sub-lease agreements will be charged to expense in the year they are incurred.

As at July 31, 2016, the principal repayments on long-term debt are as follows:

2017	$195,068
2018	$27,847
2019	$6,670
2020	$7,214
2021	$7,235
Subsequent	$9,309
	$253,343

OUTLOOK

Management has set a target of 12 new locations in the next 12 months and is targeting 200 veterans per each new location. This number of veterans will make each location profitable and in turn will allow the Company to continue to expand towards its target of 15,000 veterans. Growth at this pace will be strictly monitored per location and budgeting will be key to ensure that expenses are properly managed. Each location will be treated as a profit center and growth above 200 veterans will be matched with additional staffing and operating budgets.

Considerable efforts have been undertaken to deepen relationships with our Licensed Producer partners to provide quality, standardized and consistent medication for our patient base.

We also continue to take a patient first and patient centric approach, with both an internal and external harm reduction philosophy. We undertake this pharmaceutically driven and medical approach to improve our ability to serve the Veteran patient population, which has been and will always remain one of our top priorities,

MFT also has created custom outreach programs designed to support veterans through veteran advocacy groups and veterans relations.

Our model now extends to a broader base of first responders suffering from many of the same health conditions as our Veterans. We have observed considerable patient on-boarding from these employment groups, whom have begun successful cannabinoid therapy, medically managed by trained Physicians and Nurses.

We have identified other high value channels that will provide significant revenue and over and above the performance of our existing platforms. These are strategic revenue opportunities where we believe we will establish and retain a first mover advantage within the Canadian medical cannabis landscape.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

During the three month periods ended July 31, 2016 and 2015, no compensation was paid to key management personnel and directors.

As at July 31, 2016 and 2015, the Company had amounts due to shareholders of $37,169 and $38,035, respectively.

RISKS AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in MFT common shares is speculative and involves a high degree of risk and uncertainty.

Business risks related to operating healthcare facilities

The Company is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in physician/counselor and patient preference of care, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar facilities, the imposition of increased taxes or new taxes, and capital expenditure requirements.

Key personnel

Our success depends, in part, on our ability to attract and retain quality physician/counselors. There can be no assurance that we can continue to attract high quality physician/counselors, facility staff and technical staff to our facilities. There can be no assurances that our current physician/counselors will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physician/counselors adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or partners, but August do so in the future. The loss of a member of management, other key employee, partners or other physician/counselors who use our facilities could have an adverse effect on our business, operating results and financial condition.

Professional liability claims

As a healthcare provider, MFT is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical counseling staff. In addition, MFT has vicarious liability for the negligence of its credentialed medical staff under circumstances where it either knew or should have known of a problem leading to a patient injury. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.

Regulatory Risks

The activities of MFT will be subject to regulation by governmental authorities. MFT's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for provision of its services.

Furthermore, although the operations of MFT are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail MFT's ability to continue to provide its services. Amendments to current laws and regulations governing MFT’s business could have a substantial adverse impact on MFT.

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Reliance on Management

Another risk associated with the Company is the loss of important staff members. The Company is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from any uninsured events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable for this industry in Canada. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact,

even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Company shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Unfavourable Publicity or Perception

Management of MFT believes its business is highly dependent upon patient perception regarding the safety, efficacy and quality of cannabis. This perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the consumption of cannabis, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's services and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from patients' failure to consume such cannabis products appropriately or as directed.

Competition

The markets for MFT's services are highly competitive, subject to rapid change and significantly affected by market activities of other industry participants. There is little, other than relationships MFT has built up with physicians, hospitals, long-term care facilities, insurance companies and the general public, to prevent the entrance into the rehabilitation services sector of those wishing to provide similar services to those provided by MFT.

Competitors with greater capital and/or experience may enter the market or compete for referrals from physicians and insurance companies and the services of available healthcare professionals. There can be no assurance that MFT will be able to compete effectively for these referrals and healthcare professionals, that additional competitors will not enter the market, that such competition will not make it more difficult to provide rehabilitation services or that competitive pressures in the provision of these services in a geographic region will not otherwise adversely affect MFT.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, stock-based compensation. Actual results could differ from these estimates.

SUBSEQUENT EVENT

During 2016, the Company entered into a share exchange agreement ("Acquisition Agreement") between The Longevity Project Corp. ("TLP") and Abba Medix Group Inc. ("Abba") whereby Abba will acquire all of the outstanding common shares of the Company and TLP. TLP is a privately-owned company, through their client services platforms, including its Plants Not Pills program, provides resources to Canadians considering medical

marijuana as an alternative to prescription medication. Abba is a publicly-traded company on the Canadian Securities Exchange ("CSE") under the symbol "ABA", the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

Through the acquisition, the shareholders of TLP and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: the Company will be issued 51% of Abba in common shares and TLP will be issued 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in cash consideration.

The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in October 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) approval by the shareholders of Abba of the acquisition and certain related matters at a special meeting to be called for these purposes, (iii) there being no material adverse change in the business of Abba, TLP or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals including the approval of the CSE.

672800 NB INC. d/b/a MARIJUANA FOR TRAUMA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE YEAR ENDED APRIL 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of 672800 NB Inc. d/b/a Marijuana for Trauma ("**MFT**" or the "**Company**") for the year ended April 30, 2016. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes for the years ended April 30, 2016 and 2015. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise.

The Company's accounting policies are in accordance with IFRS.

The effective date of this MD&A is November 2, 2016.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Company's business and operations;
- the intention to grow the business and operations of the Company;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- the timely receipt of any required regulatory approvals;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The

cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

MFT'S BUSINESS

MTF is a privately-owned company incorporated under the NBBCA on October 7, 2013 doing business as Marijuana For Trauma The registered and head office of MFT is located at 255 Restigouche Road, Oromocto, NB. MFT has no subsidiaries.

MFT is a Veteran owned and operated company whose mission is to improve the quality of life for anyone suffering from Post-Traumatic Stress Disorder, chronic pain and/or other medical conditions. MFT does not currently grow or distribute cannabis. MFT provides services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, MFT has directly supported hundreds of Veterans across the country with first class service and care. MFT continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program.

MFT is currently in 8 locations and now boasts 2,200 clients as of April 30, 2016. MFT’s goal is to service 15,000 clients in 25 locations across the country by 2019.

MFT had revenues of $3,085,864 for the fiscal year ended April 30, 2016.

RESULTS OF OPERATIONS SETUP

Summary of Cash Flows for the years ended April 30, 2016, and 2015

	2016	2015
Cash flows provided by (used in) operating activities	$305,498	($70,916)
Cash flows provided by (used in) financing activities	($480,346)	$526,520
Cash flows used in investing activities	($116,737)	($128,007)
Cash, end of period	$40,763	$332,348

SUMMARY OF RESULTS FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

The Company had net income and comprehensive income of $555,356 and a net loss and comprehensive loss of $5,017 for the years ended April 30, 2016 and 2015 respectively.

REVENUES

During the year ended April 30, 2016, the Company had total revenue of $3,085,864, an increase of $2,353,118 compared to total revenue of $732,746 for the year ended April 30, 2015.

The Company was successful in its structured expansion plans during the fiscal year ended April 30, 2016. The company grew from 1 location to 8 during the 12 month period and in doing so was able to reach out and expand its client base both veteran and non-veteran. The addition of each office over a staggered approach allowed the Company to expand it’ client base to 2,200 veterans. This growth in patients translated directly into additional revenue as there were no other changes in the revenue streams.

EXPENSES

Operating, general and administrative expenses for the year ended April 30, 2016 were $2,352,855, an increase of $1,618,322 compared to similar expenses of $734,533 for the year ended April 30, 2015. The significant components of operating and administrative expenses incurred during the year ended April 30, 2016 are salaries and wages of $456,558 ($73,180 for the year ended April 30, 2015), advertising expenses of $363,394 ($48,941 for the year ended April 30, 2015), sub-contractor expenses of $311,433 ($175,776 for the year ended April 30, 2015), professional fees of $263,976 ($124,981 for the year ended April 30, 2015), memberships and licenses of $196,093 ($2,046 for the year ended April 30, 2015), office and general expenses of $166,586 ($95,685 for the year ended April 30, 2015) rental expenses of $169,499 ($55,640 for the year ended April 30, 2015) and travel and promotion expenses of $149,289 ($56,432 for the year ended April 30, 2015). The remaining expenses include repairs and maintenance, supplies and utilities, amortization, insurance, losses on foreign exchange, bad debts and other operating expenses.

As anticipated, the expenses increased significantly during the fiscal year ended April 30, 2016 as the number of locations was expanded to 8 and the Company now holds a presence in 4 provinces including Ontario, New Brunswick, Nova Scotia and Newfoundland. Each office location required new staffing and added to general office expenses. Each new office opening was also accompanied by a targeted marketing campaign designed to connect the Company with its target market. All of these expenses fell within anticipated projections of costs per location. As the Company continues to expand similar expense growth should occur.

EARNINGS PER COMMON SHARE

The table below presents the basic and diluted income (loss) per common share for the years ended April 30, 2016 and 2015.

	2016	2015
Basic and diluted earnings (loss) per common share	$5,667	($50)
Weighted average number of common shares outstanding	98	100

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

Disclosure related to the quarterly results of the Company have not been included in this MD&A as the Company has not historically prepared quarterly financial statements from which this information can be derived.

LIQUIDITY

The table below sets out the current assets, current liabilities and working capital at April 30, 2016.

	As at April 30, 2016
Cash and cash equivalents	$40,763
Accounts receivable	$897,055
Prepaid expenses	$51,642
Accounts payable and accrued liabilities	($470,381)
Due to shareholders	($38,035)
Income taxes payable	($103,873)
Current portion of long-term debt	($259,736)
Working capital	$117,435

As at April 30, 2016, the Company had cash and cash equivalents available of $40,763. The Company's operating activities generated cash flow of $305,498 during the year ended April 30, 2016 as a result of net income for the year of $555,356, an increase in accounts payable and accrued liabilities of $407,372, and an increase in income taxes

payable of $103,873. These positive cash flows were partially offset by an increase in accounts receivable of $786,025 and an increase in prepaid expenses of $50,142.

The table below sets out the current assets, current liabilities and working capital at April 30, 2015.

	As at April 30, 2015
Cash and cash equivalents	$332,348
Accounts receivable	$111,030
Prepaid expenses	$1,500
Accounts payable and accrued liabilities	($63,009)
Due to shareholders	($7,676)
Current portion of long-term debt	($225,451)
Working capital	$148,742

As at April 30, 2015, the Company had cash available of $332,348. The Company's operating activities utilized cash flow of $70,916 during the year ended April 30, 2015 primarily as a result of an increase in accounts receivable of $111,030, and a net loss for the year of $5,017. These negative cash flows were partially offset by an increase in accounts payable and accrued liabilities of $24,288.

Cash from Financing Activities

During the year ended April 30, 2016, the Company used $480,346 of cash in financing activities. This balance was comprised of dividends paid of $250,000, repayment of long-term debt of $230,705 and a repurchase of common shares of $30,000. These negative cash flows were partially offset by advances from the Company's shareholders of $30,359.

During the year ended April 30, 2015, the Company's financing activities generated cash of $526,520 which was the result of net proceeds of long-term debt of $548,716 which was offset, slightly, by the repayment of shareholder debt in the amount of $22,196.

Cash from Investing Activities

During the year ended April 30, 2016, the Company spent $116,737 on property and equipment resulting in cash flows used in investing activities of the same amount.

During the year ended April 30, 2015, the Company spent $128,007 on property and equipment resulting in cash flows used in investing activities of the same amount.

CAPITAL RESOURCES

To date and for the foreseeable future, the Company expects to finance its operations through utilizing cash from operations and managing expansion plans based on the growth in the client base. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

MFT has an unlimited number of class A common shares and an unlimited number of class B common shares authorized for issuance of which 98 class A common shares are issued and outstanding as at November 2, 2016. No other shares are issued and outstanding.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company does not currently have any off-balance sheet arrangements.

As at April 30, 2016, future minimum annual lease payments under various operating leases for premises and equipment are approximately as follows:

2017	$274,234
2018	$212,878
2019	$171,543
2020	$120,502
2021	$41,891
	$821,048

Sub-lease agreements - The Company also has sub-lease agreements with various third-parties and retains ultimate responsibility to the landlord for payment of amounts under these lease agreements should the sub-lessee fail to pay. Total future lease payments under such agreements are $114,750. Any payments arising from these sub-lease agreements will be charged to expense in the year they are incurred.

As at April 30, 2016, the principal repayments on long-term debt for the next five years are as follows:

2017	$259,736
2018	$27,847
2019	$6,670
2020	$7,214
2021	$7,235
Subsequent	$9,309
	$318,011

On July 29, 2016, the Company entered into four 24-month vehicle leases at 0% interest per annum with Ford Credit Canada Leasing. The Company has committed to aggregate payments under the four leases of $2,569 per month, which end on May 29, 2018. The leases contain an option to purchase the vehicles at the end of the term for approximately $19,000 per vehicle.

On September 13, 2016, the Company entered into a purchase and sale agreement to purchase the building at 255 Restigouche Road in Oromocto, New Brunswick, which is the location of the Company's head office. The purchase price is $510,000 and is scheduled to close in November 2016.

OUTLOOK

Management has set a target of 12 new locations in the next 12 months and is targeting 200 veterans per each new location. This number of veterans will make each location profitable and in turn will allow the Company to continue to expand towards its target of 15,000 veterans. Growth at this pace will be strictly monitored per location and budgeting will be key to ensure that expenses are properly managed. Each location will be treated as a profit center and growth above 200 veterans will be matched with additional staffing and operating budgets.

Considerable efforts have been undertaken to deepen relationships with our Licensed Producer partners to provide quality, standardized and consistent medication for our patient base.

We also continue to take a patient first and patient centric approach, with both an internal and external harm reduction philosophy. We undertake this pharmaceutically driven and medical approach to improve our ability to serve the Veteran patient population, which has been and will always remain one of our top priorities,

MFT also has created custom outreach programs designed to support veterans through veteran advocacy groups and veterans relations.

Our model now extends to a broader base of first responders suffering from many of the same health conditions as our Veterans. We have observed considerable patient on-boarding from these employment groups, whom have begun successful cannabinoid therapy, medically managed by trained Physicians and Nurses.

We have identified other high value channels that will provide significant revenue and over and above the performance of our existing platforms. These are strategic revenue opportunities where we believe we will establish and retain a first mover advantage within the Canadian medical cannabis landscape.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

During the years ended April 30, 2016 and 2015, no compensation was paid to key management personnel and directors.

As at April 30, 2016 and 2015, the Company had amounts due to shareholders of $38,035 and $7,676, respectively.

On June 21, 2016, the Company loaned $30,000 to Mary Jane Vapes Inc. for the purpose of enabling it to open a location in Oromocto, New Brunswick, and to allow the two companies to cross-sell their products. Mary Jane Vapes Inc. is a related corporation, as the shareholders of the Company are also significant shareholders of Mary Jane Vapes Inc. The loan is unsecured, non-interest bearing, and is due on June 21, 2019.

RISKS AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in MFT common shares is speculative and involves a high degree of risk and uncertainty.

Business risks related to operating healthcare facilities

The Company is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in physician/counselor and patient preference of care, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar facilities, the imposition of increased taxes or new taxes, and capital expenditure requirements.

Key personnel

Our success depends, in part, on our ability to attract and retain quality physician/counselors. There can be no assurance that we can continue to attract high quality physician/counselors, facility staff and technical staff to our facilities. There can be no assurances that our current physician/counselors will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physician/counselors adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or partners, but August do so in the future. The loss of a member of management, other key employee, partners or other physician/counselors who use our facilities could have an adverse effect on our business, operating results and financial condition.

Professional liability claims

As a healthcare provider, MFT is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical counseling staff. In addition, MFT has vicarious liability for the negligence of its credentialed medical staff under circumstances where it either knew or should have known of a problem leading to a patient injury. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.

Regulatory Risks

The activities of MFT will be subject to regulation by governmental authorities. MFT's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for provision of its services.

Furthermore, although the operations of MFT are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail MFT's ability to continue to provide its services. Amendments to current laws and regulations governing MFT's business could have a substantial adverse impact on MFT.

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Reliance on Management

Another risk associated with the Company is the loss of important staff members. The Company is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from any uninsured events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable for this industry in Canada. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Company shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Unfavourable Publicity or Perception

Management of MFT believes its business is highly dependent upon patient perception regarding the safety, efficacy and quality of cannabis. This perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the consumption of cannabis, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's services and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from patients' failure to consume such cannabis products appropriately or as directed.

Competition

The markets for MFT's services are highly competitive, subject to rapid change and significantly affected by market activities of other industry participants. There is little, other than relationships MFT has built up with physicians,

hospitals, long-term care facilities, insurance companies and the general public, to prevent the entrance into the rehabilitation services sector of those wishing to provide similar services to those provided by MFT.

Competitors with greater capital and/or experience may enter the market or compete for referrals from physicians and insurance companies and the services of available healthcare professionals. There can be no assurance that MFT will be able to compete effectively for these referrals and healthcare professionals, that additional competitors will not enter the market, that such competition will not make it more difficult to provide rehabilitation services or that competitive pressures in the provision of these services in a geographic region will not otherwise adversely affect MFT.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, stock-based compensation. Actual results could differ from these estimates.

SUBSEQUENT EVENTS

Subsequent to April 30, 2016, the Company entered into a share exchange agreement (“Acquisition Agreement”) between The Longevity Project Corp. (“TLP”) and Abba Medix Group Inc. (“Abba”) whereby Abba will acquire all of the outstanding common shares of the Company and TLP. TLP is a privately-owned company, through their client services platforms, including its Plants Not Pills program, provides resources to Canadians considering medical marijuana as an alternative to prescription medication. Abba is a publicly-traded company on the Canadian Securities Exchange (“CSE”) under the symbol “ABA”, the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

Through the acquisition, the shareholders of TLP and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: the Company will be issued 51% of Abba in common shares and TLP will be issued 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in cash consideration. The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in September 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) approval by the shareholders of Abba of the acquisition and certain related matters at a special meeting to be called for these purposes, (iii) there being no material adverse change in the business of Abba, TLP or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals including the approval of the CSE.

Other subsequent events have been disclosed previously in this MD&A.

SCHEDULE E

MD&A OF TLP

(See attached)

THE LONGEVITY PROJECT CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE PERIOD FROM JANUARY 1, 2016 TO JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of The Longevity Project Corp. ("**TLP**" or the "**Company**") for the period from January 1, 2016 to June 30, 2016. This MD&A should be read in conjunction with the Company's unaudited interim financial statements and accompanying notes for the six months ended June 30, 2016. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise.

The Company's accounting policies are in accordance with IFRS.

The effective date of this MD&A is November 2, 2016.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Company’s business and operations;
- the intention to grow the business and operations of the Company;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- the timely receipt of any required regulatory approvals;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually

be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

TLP'S BUSINESS

TLP is a privately-owned company incorporated under the OBCA on March 25, 2015 under the name The Longevity Project Corp. The registered and head office of TLP is located at 29 Kilworth Park Drive, Komoka, ON. TLP has no subsidiaries.

TLP through their client services platforms, including the Plants Not Pills program, has provided resources to Canadians considering medical cannabis as an alternative to prescription medication. They have assembled a team of knowledgeable wellness consultants who guide and support clients in understanding safe and effective treatments for their conditions.

TLP had revenues of $845,107 for the period from January 1, 2016 to June 30, 2016.

RESULTS OF OPERATIONS SETUP

Summary of Cash Flows for the periods ended June 30, 2016 and December 31, 2015:

	Six Months Ended June 30, 2016	For the Period from March 25, 2015 to December 31, 2015
Cash flows provided by (used in) operating activities	$391,265	($107,638)
Cash flows provided by (used in) financing activities	($374,723)	$147,478
Cash flows used in investing activities	$Nil	($34,020)
Cash, end of period	$22,362	$5,820

SUMMARY OF RESULTS FOR THE PERIOD FROM JANUARY 1, 2016 TO JUNE 30, 2016 AND THE PERIOD FROM MARCH 25, 2015 TO DECEMBER 31, 2015

For the six month period ended June 30, 2016, TLP had net and comprehensive income of $283,932. During the period from March 25, 2015 to December 31, 2015, TLP incurred a net and comprehensive loss of $44,247.

REVENUES

TLP’s net revenue for the six month period ended June 30, 2016 was $845,107. Educational service fees accounted for $666,613 of this amount, while revenue from Skype fees was $178,494. Net revenue for the period from March 25, 2015 to December 31, 2015 was $417,520. Educational service fees accounted for $310,353 of this amount, while revenue from Skype fees was $107,167.

Readers should be aware that a comparative analysis of revenue between the two periods presented in this MD&A has not been included in this MD&A due to the lack of comparability between the two reporting periods resulting from the differing time periods covered by each reporting period.

EXPENSES

Operating, general and administrative expenses for the six months ended June 30, 2016 was $514,493.

Sub-contractors accounted for $138,240 of the total expenses for the period, while salaries and wages totalled $110,408, commissions amounted to $63,686, advertising and promotion expenses were $43,994, office rental expenses were $41,354 and office and general expenses were $41,354. Operating expenses for the period from March 25, 2015 to December 31, 2015 were $458,564. Included in this amount were sub-contractors expenses of $295,407, office and general expenses of $37,064, office rental expenses of $36,650, computer related expenses of $16,950, commissions of $16,752 and advertising and promotion expenses of $16,293.

During the six months ended June 30, 2016, the Company also incurred finance expenses of $2,816 and income tax expense of $43,866. During the period from March 25, 2015 to December 31, 2015, the Company incurred finance expenses of $3,203. The Company's finance charges include interest paid on long-term debt.

Readers should be aware that a comparative analysis of expenses between the two periods presented in this MD&A has not been included in this MD&A due to the lack of comparability between the two reporting periods resulting from the differing time periods covered by each reporting period.

EARNINGS (LOSS) PER COMMON SHARE

The table below presents the basic and diluted income (loss) per common share for the periods ended June 30, 2016 and December 31, 2015.

	Six Months Ended June 30, 2016	For the Period from March 25, 2015 to December 31, 2015
Basic and diluted earnings (loss) per common share	$2,839	($442)
Weighted average number of common shares outstanding	100	100

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

Disclosure related to the quarterly results of the Company have not been included in this MD&A as the Company has not historically prepared quarterly financial statements from which this information can be derived.

LIQUIDITY

The table below sets out the cash, accounts receivable and short-term debt and working capital at June 30, 2016.

	As at June 30, 2016
Cash	$22,362
Accounts receivable	$181,596
Advances to shareholders	$7,497
Other advances	$154,291
Accounts payable and accrued liabilities	($171,006)
Advances from shareholders	($16,246)

Current portion of long-term debt	($6,501)
Income tax payable	($43,866)
Working capital	$128,127

As at June 30, 2016, the Company had cash available of $22,362. The Company generated cash flows of $391,265 from operating activities during the six months ended June 30, 2016, primarily due to net income of $283,932. An increase in the Company's accounts payable and accrued liabilities and income taxes payable also provided positive cash in-flows of $106,872 and $43,866, respectively, while an increase in the Company's accounts receivable had a negative impact on cash flows from operating activities of $63,306. A decrease in the Company's prepaid expenses also contributed $15,000 to the cash flows generated from operating activities.

The table below sets out the cash, accounts receivable and short-term debt and working capital at December 31, 2015.

	As at December 31, 2015
Cash	$5,820
Accounts receivable	$118,290
Prepaids	$15,000
Other advances	$21,166
Accounts payable and accrued liabilities	($64,134)
Advances from shareholders	($137,580)
Current portion of long-term debt	($6,083)
Working capital deficiency	($47,521)

As at December 31, 2015, the Company had cash available of $5,820. The Company's operating activities used cash flows of $107,638 during the period from March 25, 2015 to December 31, 2015, primarily due to an increase in the Company's accounts receivable of $118,290 and a net loss for the period of $44,247. These out-flows were partially offset by an increase in the Company's accounts payable and accrued liabilities of $64,134.

Cash from Financing Activities

During the six months ended June 30, 2016, the Company had $374,723 of cash used in financing activities. This balance was comprised of dividends paid of $110,000, repayment of shareholder debt of $128,831, other advances of $133,125 and repayment of long-term debt of $2,767.

During the period from March 25, 2015 to December 31, 2015, the Company's financing activities generated cash of $147,478 which was the result of advances from shareholders of $137,580, net proceeds of long-term debt of $31,054 and proceeds of $10 from the issuance of common shares of the Company. These in-flows were partially offset by other advances of $21,166.

Cash from Investing Activities

During the six months ended June 30, 2016, the Company did not have any cash provided by, or used in, investing activities.

During the period from March 25, 2015 to December 31, 2015, the Company used cash of $34,020 in its investing activities related to the purchase of property and equipment.

CAPITAL RESOURCES

To date and for the foreseeable future, the Company expects to finance its operations through the issuance of common shares until the point at which its operations are profitable and self-funding. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

TLP has an unlimited number of common shares authorized for issuance of which 100 common shares are issued and outstanding as at November 2, 2016. No other shares are issued and outstanding.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company does not currently have any off-balance sheet arrangements.

As at June 30, 2016, future minimum annual lease payments under various operating leases for premises and equipment are approximately as follows:

2017	$6,926
2018	$6,926
2019	$4,830
2020	$2,734
2021	$2,050
	$23,466

As at June 30, 2016, the long-term debt repayment for the next five years are as follows:

2017	$6,501
2018	$6,652
2019	$7,061
2020	$7,496
2021	$577
	$28,287

OUTLOOK

We plan to keep with our aggressive trajectory of opening clinics and continued patient acquisition to cannabinoid therapy as an alternative when frontline treatments have proven ineffective or the cause of adverse reactions and side effects.

Our trained clinical educators will continue to provide physicians courses on the consideration, assessment, safety and efficacy of cannabinoid therapy. These prescribers in addition to referring health care practitioners will continue to aggregate patients to all of our service platforms and medical cannabis providers (Health Canada Licensed Producers).

TLP expects strong growth beyond its current patient population with the trending increase in referrals from this broadening base of medical professionals.

TLP will continue to aggressively source and retain patients through its already proven process. The foundation of the TLP marketing and communication strategy is based on social media, public relations and media development. These basic strategies are complemented by focused special events coordinated through health care providers that include speaking engagements, clinical physician education and doctor detailing.

TLPs business model provides for efficient growth of its patient base. The company's plan provides for conservative and consistent growth of an increase of 30% per year of its patient base. As the patient base grows, the cost of support of each patient continues to drop providing for healthy margins for its overall business.

Further increases in revenue will be generated from products and services provided ancillary and complimentary to cannabis therapy, prescribed to improve patient outcomes and quality of life. These strategic revenue opportunities extend beyond patients using medical cannabis, providing us with access to a significantly larger target market. Top line revenue of $700-900 per patient is expected based on average sales.

Concurrently, we are accelerating the implementation of a professional suite of clinical and legal services to support our patient populations utilization of cannabis therapy.

These combined initiatives demonstrate our commitment to a higher standard of care, which we confidently use in the marketplace as one of our key differentiators and competitive advantages.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

As at June 30, 2016, the Company's statement of financial position included net advances from shareholders of $8,749 (December 31, 2015 - $137,580).

During the six months ended June 30, 2016, the Company paid dividends of $110,000 to the common shareholders of the Company.

RISKS AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in TLP common shares is speculative and involves a high degree of risk and uncertainty.

Business risks related to operating healthcare facilities

The Company is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in physician/counselor and patient preference of care, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar facilities, the imposition of increased taxes or new taxes, and capital expenditure requirements.

Key personnel

Our success depends, in part, on our ability to attract and retain quality physician/counselors. There can be no assurance that we can continue to attract high quality physician/counselors, facility staff and technical staff to our facilities. There can be no assurances that our current physician/counselors will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physician/counselors adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or partners, but August do so in the future. The loss of a member of management, other key employee, partners or other physician/counselors who use our facilities could have an adverse effect on our business, operating results and financial condition.

Professional liability claims

As a healthcare provider, TLP is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical counseling staff. In addition, TLP has vicarious liability for the negligence of its credentialed medical staff under circumstances where it either knew or should have known of a problem leading to a patient injury. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.

Regulatory Risks

The activities of TLP will be subject to regulation by governmental authorities. TLP's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for provision of its services.

Furthermore, although the operations of TLP are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail TLP's ability to continue to provide its services. Amendments to current laws and regulations governing TLP’s business could have a substantial adverse impact on TLP.

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Reliance on Management

Another risk associated with the Company is the loss of important staff members. The Company is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from any uninsured events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable for this industry in Canada. A failure in the demand for its services to materialize as a result of competition,

technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Company shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Unfavourable Publicity or Perception

Management of TLP believes its business is highly dependent upon patient perception regarding the safety, efficacy and quality of cannabis. This perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the consumption of cannabis, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's services and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from patients' failure to consume such cannabis products appropriately or as directed.

Competition

The markets for TLP’s services are highly competitive, subject to rapid change and significantly affected by market activities of other industry participants. There is little, other than relationships TLP has built up with physicians, hospitals, long-term care facilities, insurance companies and the general public, to prevent the entrance into the rehabilitation services sector of those wishing to provide similar services to those provided by TLP.

Competitors with greater capital and/or experience may enter the market or compete for referrals from physicians and insurance companies and the services of available healthcare professionals. There can be no assurance that TLP will be able to compete effectively for these referrals and healthcare professionals, that additional competitors will not enter the market, that such competition will not make it more difficult to provide rehabilitation services or that competitive pressures in the provision of these services in a geographic region will not otherwise adversely affect TLP.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, stock-based compensation. Actual results could differ from these estimates.

SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the Company entered into a share exchange agreement ("Acquisition Agreement") between 672800 NB Inc. (doing business as Marijuana For Trauma) ("MFT") and Abba Medix Group Inc. ("Abba") whereby Abba will acquire all of the outstanding common shares of the Company and MFT. MFT is a privately-owned company engaged in the business of helping veterans with post-traumatic stress disorder. Abba is a publicly-traded company on the Canadian Securities Exchange ("CSE") under the symbol "ABA", the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

Through the acquisition, the shareholders of MFT and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: MFT will be issued 51% of Abba in common shares and TLP will be issued 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in cash consideration. The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in September 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) approval by the shareholders of Abba of the acquisition and certain related matters at a special meeting to be called for these purposes, (iii) there being no material adverse change in the business of Abba, MFT or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals including the approval of the CSE.

SCHEDULE F

FINANCIAL STATEMENTS OF MFT

(See attached)

Interim Condensed Financial Statements of

672800 N.B. Inc.

July 31, 2016
(Unaudited - prepared in Canadian dollars)

Contents

Interim Condensed Financial Statements:

Statements of Financial Position	2
Statements of Income (Loss) and Comprehensive Income (Loss)	3
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672800 N.B. Inc.

Statements of Financial Position
As at July 31, 2016
(Unaudited - prepared in Canadian dollars)

	Notes	July 31, 2016	April 30, 2016 (Audited)
Assets			
Current			
Cash		**$ 215,464**	$ 40,763
Accounts receivable	15(a)	**1,130,972**	897,055
Prepaid expenses		**61,980**	51,642
		1,408,416	989,460
Loan receivable	3	**30,000**	-
Property and equipment	4	**299,163**	166,654
		$ 1,737,579	$ 1,156,114
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	5	**$ 997,944**	$ 470,381
Due to shareholders	7, 8(b)	**37,169**	38,035
Income taxes payable		**119,971**	103,873
Current portion of long-term debt	6	**218,206**	259,736
		1,373,290	872,025
Long-term debt	6	**35,137**	58,275
Deferred tax liabilities		**17,521**	11,504
		1,425,948	941,804
Equity			
Share capital	9	**98**	98
Retained earnings		**311,533**	214,212
		311,631	214,310
		$ 1,737,579	$ 1,156,114

Commitments and obligations 10

The accompanying notes are an integral part of these financial statements

672800 N.B. Inc.

Statements of Income (Loss) and Comprehensive Income (Loss)
Three Months Ended July 31,
(Unaudited - prepared in Canadian dollars)

	Notes	2016	2015
Revenue	15(d)	**$ 1,493,607**	$ 226,244
Expenses			
Operating, general and administrative	12	**1,364,381**	361,759
Finance expenses	13	**9,790**	4,246
		1,374,171	366,005
Income (loss) before income taxes		**119,436**	(139,761)
Income tax expense		**22,115**	-
Net income (loss) and comprehensive income (loss) for the period		**$ 97,321**	$ (139,761)
Earnings (loss) per common share for the period			
Basic and diluted		**$ 993**	$ (1,398)
Weighted average number of common shares outstanding			
Basic and diluted		**98**	100

The accompanying notes are an integral part of these financial statements

672800 N.B. Inc.

Statements of Changes in Equity (Deficit)
Three Months Ended July 31, 2016 and 2015
(Unaudited - prepared in Canadian dollars)

	Number of shares	Share capital	Retained earnings (deficit)	Total equity (deficit)
Balance at April 30, 2015	100	$ 100	$ (53,892)	$ (53,792)
Net loss and comprehensive loss for the period	-	-	(139,761)	(139,761)
Balance at July 31, 2015	100	$ 100	$ (193,653)	$ (193,553)
Balance at April 30, 2016	98	$ 98	$ 214,212	$ 214,310
Net income and comprehensive income for the period	**-**	**-**	**97,321**	**97,321**
Balance at July 31, 2016	**98**	**$ 98**	**$ 311,533**	**$ 311,631**

The accompanying notes are an integral part of these financial statements

672800 N.B. Inc.

Statements of Cash Flows
Three Months Ended July 31,
(Unaudited - prepared in Canadian dollars)

	2016	2015
Cash flows from operating activities		
Net income (loss) for the period	**$ 97,321**	$ (139,761)
Items not affecting cash		
Amortization	**12,126**	7,875
Increased in net deferred tax liabilities	**6,017**	-
	115,464	(131,886)
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	**(233,917)**	105,533
Increase in prepaid expenses	**(10,338)**	(195)
Increase in accounts payable and accrued liabilities	**527,563**	51,947
Increase in income taxes payable	**16,098**	-
	414,870	25,399
Cash flows used in financing activities		
Loan receivable	**(30,000)**	-
Repayment of long-term debt	**(64,668)**	(41,851)
Repayment of advances from shareholders	**(866)**	(4,681)
	(95,534)	(46,532)
Cash flows used in investing activities		
Purchase of property and equipment	**(144,635)**	(16,643)
	(144,635)	(16,643)
Net increase (decrease) in cash during the period	**174,701**	(37,776)
Cash, beginning of period	**40,763**	332,348
Cash, end of period	**$ 215,464**	$ 294,572
Supplemental cash flow information		
Income taxes paid	**$ -**	$ -
Finance expense paid	**9,790**	4,246

The accompanying notes are an integral part of these financial statements

1. Nature of business and going concern uncertainty:

672800 N.B. Inc. (the "Company"), a private company doing business as "Marijuana For Trauma" ("MFT"), was incorporated in 2013 under the laws of the Province of New Brunswick with its registered office at 255 Restigouche Road, Oromocto, New Brunswick, E2V 2H1. The Company is engaged in the business of helping veterans with post traumatic stress disorder. The Company provides services to assist veterans in selecting a licensed producer of cannabis, identify appropriate strains, and consult and support veterans regarding the use of medical cannabis.

These interim condensed financial statements ("interim statements") were approved for issuance by the Company's board of directors on October 31, 2016.

2. Basis of preparation:

(a) Statement of compliance:

These interim statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These interim statements for the three months ended July 31, 2016 and 2015 should be read together with the annual financial statements as at and for the year ended April 30, 2016. The same accounting policies and methods of computation were followed in the preparation of these interim statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended April 30, 2016, except as follows:

(i) IAS 1, *Presentation of Financial Statements* ("IAS 1") - On May 1, 2016, the Company implemented certain amendments to IAS 1, which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Company's interim statements for the three months ended July 31, 2016.

(ii) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") - the Company implemented certain amendments to IFRS 10 and IAS 28 on May 1, 2016. These amendments relate to the sale or contribution of assets between an investor and its associate or joint venture and require the recognition of a full gain or loss when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The implementation of amendments to IFRS 10 and IAS 28 had no impact to the Company's interim statements for the three months ended July 31, 2016.

2. Basis of preparation (continued):

(iii) IFRS 11, *Joint Arrangements* ("IFRS 11") - Amendments to IFRS 11 address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business and requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, Business Combinations. The Company implemented the amendments to IFRS 11 effective May 1, 2016. The implementation of amendments to IFRS 11 had no impact to the Company's interim statements for the three months ended July 31, 2016.

(iv) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") - On May 1, 2016, the Company implemented amendments to IAS 16 and IAS 38, which eliminated the use of a revenue-based depreciation method for items of property, plant and equipment and eliminated the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's interim statements for the three months ended July 31, 2016.

(b) Basis of presentation:

These interim statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

(c) Critical accounting judgments, estimates and assumptions:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim statements were the same as those in the preparation of the annual financial statements as at and for the year ended April 30, 2016.

(d) Future accounting pronouncements:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at April 30, 2016, are described in Note 18 to the annual financial statements as at and for the year ended April 30, 2016. There have been no other changes to existing IFRS accounting standards and interpretations since April 30, 2016 that are expected to have a material effect on the Company's interim statements.

3. Loan receivable:

On June 21, 2016, the Company loaned $30,000 to Mary Jane Vapes Inc. for the purpose of enabling it to open a location in Oromocto, New Brunswick, and to allow the two companies to cross-sell their products. Mary Jane Vapes Inc. is a related corporation, as the shareholders of the Company are also significant shareholders of Mary Jane Vapes Inc. The loan is unsecured, non-interest bearing, and is due on June 21, 2019.

4. Property and equipment:

A continuity of the components of property and equipment as at and for the three months ended July 31, 2016 and as at April 30, 2016 are as follows:

Cost	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - May 1, 2015	$ 10,100	$ -	$ 36,771	$ 60,854	$ 27,671	$ 135,396
Additions	9,466	34,155	32,349	11,000	29,767	116,737
Disposals	-	-	-	-	(27,066)	(27,066)
Balance - April 30, 2016	$ 19,566	$ 34,155	$ 69,120	$ 71,854	$ 30,372	$ 225,067
Additions	**11,088**	**90,362**	**25,024**	**615**	**17,546**	**144,635**
Balance – July 31, 2016	**$ 30,654**	**$ 124,517**	**$ 94,144**	**$ 72,469**	**$ 47,918**	**$ 369,702**

Accumulated Amortization	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - May 1, 2015	$ 2,119	$ -	$ 6,495	$ 9,128	$ 4,177	$ 21,919
Amortization	4,123	7,493	5,445	17,168	7,678	41,907
Disposals	-	-	-	-	(5,413)	(5,413)
Balance - April 30, 2016	$ 6,242	$ 7,493	$ 11,940	$ 26,296	$ 6,442	$ 58,413
Amortization	**1,415**	**1,712**	**3,484**	**3,440**	**2,075**	**12,126**
Balance – July 31, 2016	**$ 7,657**	**$ 9,205**	**$ 15,424**	**$ 29,736**	**$ 8,517**	**$ 70,539**

Carrying Value	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - April 30, 2016	$ 13,324	$ 26,662	$ 57,180	$ 45,558	$ 23,930	$ 166,654
Balance – July 31, 2016	**$ 22,997**	**$ 115,312**	**$ 78,720**	**$ 42,733**	**$ 39,401**	**$ 299,163**

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consists of the following as at July 31, 2016 and April 30, 2016:

	July 31, 2016	April 30, 2016
Accounts payable and accrued liabilities	**$ 640,662**	$ 179,192
Due to The Longevity Project Corp. (a)	**162,067**	146,787
Employee deductions payable	**58,296**	32,279
Harmonized Sales Tax payable	**136,919**	112,123
	$ 997,944	$ 470,381

(a) Advances have been received from The Longevity Project Corp. These advances are unsecured, non-interest bearing, and are due on demand. (See also Note 16(a)).

6. Long-term debt:

Long-term debt consists of the following as at July 31, 2016 and April 30, 2016:

	July 31, 2016	April 30, 2016
Aphria Inc. Promissory Note (a)	**$ 211,980**	$ 274,550
Scotia Bank Loan (b)	**41,363**	43,461
Total debt	**$ 253,343**	$ 318,011
Current portion of long-term debt	**(218,206)**	(259,736)
Long-term debt	**$ 35,137**	$ 58,275

(a) In March 2015, the Company signed a Promissory Note and borrowed $500,000 from Aphria Inc., a publicly-traded company (TSXV: "APH") for working capital purposes. The Promissory Note bears interest at 3% per annum, repayable in equal monthly installments of $21,491 (including interest) commencing on June 30, 2015 and matures on March 29, 2017. For the three months ended July 31, 2016, included in the statement of income and comprehensive income is interest expense of $1,903 (three months ended July 31, 2015 – $2,449) paid to Aphria Inc.

(b) In July 2014, the Company obtained an 8-year loan from the Bank of Nova Scotia to purchase a vehicle. The loan is collateralized against the vehicle and bears interest at 3.99% per annum, repayable in bi-weekly instalments of $298.14 commencing on July 31, 2014 and matures on July 31, 2022. For the three months ended July 31, 2016, included in the statement of income and comprehensive income is interest expense paid of $329 (three months ended July 31, 2015 - $417).

6. Long-term debt (continued):

As at July 31, 2016, the principal repayments on long-term debt are as follows:

2017	**$**	**195,068**
2018		**27,847**
2019		**6,670**
2020		**7,214**
2021		**7,235**
Subsequent		**9,309**
	$	**253,343**

7. Due to shareholders:

The amounts due to shareholders are non-interest bearing and are due on demand. The amounts due to shareholders are as follows as at July 31, 2016 and April 30, 2016:

		July 31, 2016		April 30, 2016
Due to Fabian Henry	**$**	**34,001**	$	35,018
Due to Michael Southwell		**3,168**		3,017
	$	**37,169**	$	38,035

8. Related party transactions:

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) During the three months ended July 31, 2016 and 2015, no compensation was paid to key management personnel and directors.

(b) As at July 31, 2016 and April 30, 2016, the Company had amounts due to shareholders of $37,169 and $38,035, respectively, see Note 7.

(c) On July 21, 2016, the Company advanced $30,000 to a related company as discussed in Note 3.

9. Share capital:

Authorized:

(a) Unlimited number of Class A voting common shares (no par value) of which 98 (April 30, 2016 – 98) is outstanding;

(b) Unlimited number of Class B non-voting common shares (no par value).

10. Commitments and obligations:

(a) As at July 31, 2016, future minimum annual lease payments under various operating leases for premises, vehicles and equipment are approximately as follows:

2017	**$ 338,221**
2018	**293,820**
2019	**245,307**
2020	**196,872**
2021 and thereafter	**127,618**
	$ 1,201,838

(b) Long-term debt repayments, see Note 6.

11. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have a single operating segment. The Company has a single reportable geographic segment, Canada, and all of the Company's property and equipment are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the three months ended July 31, 2016.

12. Expenses by nature:

Included in operating, general, and administrative expenses for the three months ended July 31 are the following expenses:

	2016	2015
Salaries, wages and commissions	**$ 574,244**	$ 70,048
Professional fees	**230,082**	87,511
Advertising	**149,094**	60,893
Travel and promotion	**121,572**	30,507
Office and general	**84,835**	13,647
Sub-contracts	**67,023**	35,185
Rental	**64,127**	30,132
Other operating expenses	**18,188**	6,969
Repairs and maintenance	**17,543**	13,674
Insurance	**12,323**	3,208
Amortization	**12,126**	7,875
Supplies and utilities	**10,760**	2,110
Memberships and licenses	**2,464**	-
	$ 1,364,381	$ 361,759

13. Finance expenses:

Finance expenses comprises of the following for the three months ended July 31:

		2016		2015
Interest expense on long-term debt	**$**	**2,232**	$	2,866
Interest and bank charges		**2,126**		1,380
Interest on late payments		**5,432**		-
	$	**9,790**	$	4,246

14. Management of capital:

There were no changes in the Company's approach to capital management during the three months ended July 31, 2016. The Company includes the following in its capital as at July 31, 2016 and April 30, 2016:

		July 31, 2016		April 30, 2015
Share capital	**$**	**98**	$	98
Retained earnings		**311,533**		214,212
Due to shareholders (Note 7)		**37,169**		38,035
	$	**348,800**	$	252,345

During the three months ended July 31, 2016 and 2015, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at July 31, 2016.

15. Financial instruments and financial risk management:

Financial instruments

The Company classifies its cash as fair value through profit or loss and is categorized as level 1 in the fair value hierarchy. Accounts receivable are recognized as loans and receivables, and accounts payable and accrued liabilities, due to shareholders, and long-term debt as other financial liabilities.

The carrying amounts of accounts receivable, accounts payable and accrued liabilities, and due to shareholders approximate their fair value due to their short periods to maturity.

Financial risk management

The Company has exposure to counterparty credit risk, interest rate and liquidity risk associated with its financial assets and liabilities.

There were no significant or material changes to the Company's risk management during the three months ended July 31, 2016.

15. Financial instruments and financial risk management (continued):

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from cannabis producers. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific cannabis producers may be affected by economic factors and government factors which may impact accounts receivable. Management does not believe that a single industry or geographic region represents significant credit risk. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amounts of accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of income (loss) and comprehensive income (loss) in operating, general and administrative expenses.

When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss and comprehensive loss. Historically, trade credit losses have been minimal.

The maximum exposure to credit risk is the carrying amount of the Company's cash and accounts receivable which total $1,346,436 as at July 31, 2016 (April 30, 2016 - $937,818).

All cash is on deposit with major Canadian financial institutions.

An aging of accounts receivable as at July 31, 2016 and April 30, 2016 is as follows:

	Accounts receivable due by period				
	0-30 days	**31-60 days**	**61-90 days**	**91+ days**	**Total**
July 31, 2016	**$ 893,776**	**$ 166,881**	**$ -**	**$ 70,315**	**$ 1,130,972**
April 30, 2016	$ 490,581	$ 401,983	$ -	$ 4,192	$ 897,055

The allowance for doubtful accounts and bad debts expense are nil for the three months ended July 31, 2016 (July 31, 2015 - Nil). The Company does not have collateral to any of its receivable balances. See note 15(d) for concentration of credit risk.

15. Financial instruments and financial risk management (continued):

(b) Interest rate risk:

Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at July 31, 2016 and April 30, 2016, the Company did not have any interest rate risk liabilities. All of the Company's debt has a fixed interest rate or are non-interest bearing.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets or ability to borrow funds is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its operating activities.

The following is an analysis of financial obligations based on their due dates as at July 31, 2016 and April 30, 2016:

	Payments due by period			
	Less than 1 year	**Between 1 and 3 years**	**More than 3 years**	**Total**
July 31, 2016				
Accounts payable and accrued liabilities	**$ 997,994**	**$ -**	**$ -**	**$ 997,994**
Due to shareholders	**37,169**	**-**	**-**	**37,169**
Income taxes payable	**119,971**	**-**	**-**	**119,971**
Long-term debt	**218,206**	**10,728**	**24,409**	**253,343**
Deferred tax liabilities	**-**	**17,521**	**-**	**17,521**
Lease obligations	**338,221**	**735,999**	**127,618**	**1,201,838**
	$ 1,711,561	**$ 764,248**	**$ 157,027**	**$ 2,627,836**
April 30, 2016				
Accounts payable and accrued liabilities	$ 470,381	$ -	$ -	$ 470,381
Due to shareholders	38,035	-	-	38,035
Income taxes payable	103,873	-	-	103,873
Long-term debt	259,736	41,731	16,544	318,011
Deferred tax liabilities	-	11,504	-	11,504
Lease obligations	274,234	504,923	41,891	821,048
	$ 1,146,259	$ 558,158	$ 58,435	$ 1,762,852

15. Financial instruments and financial risk management (continued):

The following is a liquidity analysis of the Company's assets as at July 31, 2016 and April 30 2016:

	Liquidity by period			
	Less than 1 year	**More than 1 year**	**Non-liquid**	**Total**
July 31, 2016				
Cash	**$ 215,464**	**$ -**	**$ -**	**$ 215,464**
Accounts receivable	**1,130,972**	**-**	**-**	**1,130,972**
Prepaid expenses	**-**	**-**	**61,980**	**61,980**
Loan receivable	**-**	**30,000**	**-**	**30,000**
Property and equipment	**-**	**-**	**299,163**	**299,163**
	$ 1,346,436	**$ 30,000**	**$ 361,143**	**$ 1,737,579**
April 30, 2016				
Cash	$ 40,763	$ -	$ -	$ 40,763
Accounts receivable	897,055	-	-	897,055
Prepaid expenses	-	-	51,642	51,642
Property and equipment	-	-	166,654	166,654
	$ 937,818	$ -	$ 218,296	$ 1,156,114

(d) Economic dependence:

Revenue

For the three months ended July 31, 2016, the Company earned 94% (three months ended July 31, 2015 – 95%) of its revenue from three licensed producers (three months ended July 31, 2015 – one licensed producer), in the form of educational service fees.

Concentration of credit risk

As at July 31, 2016, the accounts receivable from 3 licensed producer of cannabis represents approximately 83% of the accounts receivable. As at April 30, 2016, the accounts receivable from 2 licensed producer of cannabis represents approximately 81% of the accounts receivable.

As at July 31, 2016 and April 30, 2016, the Company had no reason to believe that the accounts receivable will not be collected.

16. Subsequent event:

(a) On June 15, 2016, the Company entered into a share exchange agreement ("Acquisition Agreement") between The Longevity Project Corp. ("TLP") and Abba Medix Group Inc. ("Abba") whereby Abba will acquire all of the outstanding common shares of the Company and TLP. TLP is a privately-owned company, through their client services platforms, including its Plants Not Pills program, provides resources to Canadians considering medical marijuana as an alternative to prescription medication. Abba is a publicly-traded company on the Canadian Securities Exchange ("CSE") under the symbol "ABA", the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

Through the acquisition, the shareholders of TLP and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: MFT will be issued approximately 51% of Abba in common shares and TLP will be issued approximately 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in aggregated cash consideration to the shareholders of MFT and TLP in an earn-out payment.

The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) there being no material adverse change in the business of Abba, TLP or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals by Abba including the approval of the CSE.

(b) On September 13, 2016, the Company entered into a purchase and sale agreement to purchase the building at 255 Restigouche Road in Oromocto, New Brunswick, which is the location of the Company's head office. The purchase price is $510,000 and is scheduled to close in November 2016.

Financial Statements of

672800 N.B. INC.

Year ended April 30, 2016
(Prepared in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
672800 N.B. Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of 672800 N.B. Inc., which comprise the statement of financial position as at April 30, 2016, and the statements of income (loss) and comprehensive income (loss), changes in equity (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 672800 N.B. Inc. as at April 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The comparative financial statements of 672800 N.B. Inc. for the year ended April 30, 2015 are unaudited.

DNTW Toronto LLP

Toronto, Ontario
October 31, 2016

Chartered Professional Accountants
Licensed Public Accountants

672800 N.B. Inc.

Statements of Financial Position
As at April 30, 2016 and 2015
(Prepared in Canadian dollars)

	Notes	2016	2015 (Unaudited)
Assets			
Current			
Cash		**$ 40,763**	$ 332,348
Accounts receivable	17(d)	**897,055**	111,030
Prepaid expenses		**51,642**	1,500
		989,460	444,878
Property and equipment	5	**166,654**	113,477
		$ 1,156,114	$ 558,355
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	6	**$ 470,381**	$ 63,009
Due to shareholders	8, 10(b)	**38,035**	7,676
Income taxes payable		**103,873**	-
Current portion of long-term debt	7	**259,736**	225,451
		872,025	296,136
Long-term debt	7	**58,275**	323,265
Deferred tax liabilities	9	**11,504**	-
		941,804	619,401
Equity (deficit)			
Share capital	11	**98**	100
Retained earnings (deficit)		**214,212**	(61,146)
		214,310	(61,046)
		$ 1,156,114	$ 558,355

Commitments and obligations 12

The accompanying notes are an integral part of these financial statements

On behalf of the Board:

"Fabian Henry" Director

"Michael Southwell" Director

672800 N.B. Inc.

Statements of Income (Loss) and Comprehensive Income (Loss)
Years Ended April 30, 2016 and 2015
(Prepared in Canadian dollars)

	Notes	2016	2015 (Unaudited)
Revenue	17(d)	**$ 3,085,864**	$ 732,746
Expenses			
Operating, general and administrative	14	**2,352,855**	734,533
Loss on disposal of assets		**21,653**	-
Finance expenses	15	**21,276**	3,230
		2,395,784	737,763
Income (loss) before income taxes		**690,080**	(5,017)
Income tax expense	9	**134,724**	-
Net income (loss) and comprehensive income (loss) for the year		**$ 555,356**	$ (5,017)
Earnings (loss) per common share for the year			
Basic and diluted		**$ 5,667**	$ (50)
Weighted average number of common shares outstanding			
Basic and diluted		**98**	100

The accompanying notes are an integral part of these financial statements

672800 N.B. Inc.

Statements of Changes in Equity (Deficit)
Years Ended April 30, 2016 and 2015
(Prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Retained earnings (deficit)	Total equity (deficit)
Balance at April 30, 2014 (unaudited)		100	$ 100	$ (56,129)	$ (56,029)
Net loss and comprehensive loss for the year		-	-	(5,017)	(5,017)
Balance at April 30, 2015 (unaudited)		100	$ 100	$ (61,146)	$ (61,046)
Net income and comprehensive income for the year		**-**	**-**	**555,356**	**555,356**
Repurchase of common shares	11(b)	**(2)**	**(2)**	**(29,998)**	**(30,000)**
Dividends paid	11(c)	**-**	**-**	**(250,000)**	**(250,000)**
Balance at April 30, 2016		**98**	**$ 98**	**$ 214,212**	**$ 214,310**

The accompanying notes are an integral part of these financial statements

672800 N.B. Inc.
Statements of Cash Flows
Years Ended April 30, 2016 and 2015
(Prepared in Canadian dollars)

	Notes	2016	2015 (Unaudited)
Cash flows from (used in) operating activities			
Net income (loss) for the year		**$ 555,356**	$ (5,017)
Items not affecting cash			
Amortization	5	**41,907**	20,843
Loss on disposal of assets		**21,653**	-
Increased in net deferred tax liabilities	9	**11,504**	-
		630,420	15,826
Changes in non-cash working capital balances			
Increase in accounts receivable		**(786,025)**	(111,030)
Increase in prepaid expenses		**(50,142)**	-
Increase in accounts payable and accrued liabilities		**407,372**	24,288
Increase in income taxes payable		**103,873**	-
		305,498	(70,916)
Cash flows from (used in) financing activities			
Net proceeds from (repayment of) long-term debt		**(230,705)**	548,716
Advances from (repayment to) shareholders		**30,359**	(22,196)
Dividends paid	11(c)	**(250,000)**	-
Repurchase of common shares	11(b)	**(30,000)**	-
		(480,346)	526,520
Cash flows used in investing activities			
Purchase of property and equipment		**(116,737)**	(128,007)
		(116,737)	(128,007)
Net increase (decrease) in cash during the year		**(291,585)**	327,597
Cash, beginning of year		**332,348**	4,751
Cash, end of year		**$ 40,763**	$ 332,348
Supplemental cash flow information			
Income taxes paid		**$ 19,346**	$ -
Finance expense paid	15	**21,276**	3,230

The accompanying notes are an integral part of these financial statements

1. Nature of business:

672800 N.B. Inc. (the "Company"), a private company doing business as "Marijuana For Trauma" ("MFT"), was incorporated in 2013 under the laws of the Province of New Brunswick with its registered office at 255 Restigouche Road, Oromocto, New Brunswick, E2V 2H1. The Company is engaged in the business of helping veterans with post traumatic stress disorder. The Company provides services to assist veterans in selecting a licensed producer of cannabis, identify appropriate strains, and consult and support veterans regarding the use of medical cannabis.

These audited financial statements were approved for issuance by the Company's board of directors on October 31, 2016.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these financial statements are presented below.

(b) Basis of presentation:

These financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

(c) Critical accounting judgments, estimates and assumptions:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by the Company preparing these financial statements are as follows:

(i) Impairments:

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets (property and equipment) are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

2. Basis of preparation (continued):

The recoverable amount is determined with reference to the fair value of the property and equipment assets less costs to sell or the value-in-use calculations.

An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. There were no impairments recorded during the year ended April 30, 2016 with respect to its non-financial assets.

(ii) Allowance for doubtful accounts:

Accounts receivable are reviewed for collectability on a monthly basis. Management is required to make judgment whether a receivable balance is collectable based on their relationship with the client and knowledge of the client's financial position. These judgments will affect the reported amounts of accounts receivable and bad debts expense.

(iii) Income taxes:

The Company is subject to income taxes. Significant estimation is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

The information about significant areas of judgment considered by management in preparing these financial statements are as follows:

(i) Going concern:

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2. Basis of preparation (continued):

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 9 for further details.

3. Significant accounting policies:

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

(a) Foreign currency:

(i) Functional currency:

These financial statements are presented in Canadian dollars which is functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the statement of income and comprehensive income.

(b) Financial instruments:

(i) Financial assets at fair value:

Financial assets that are managed to collect contractual cash flows made up of principal and interest on specified dates are classified as subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

3. Significant accounting policies (continued):

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(iii) Financial liabilities at fair value:

Financial liabilities are presented at amortized cost and are recognized initially at fair value net of directly attributable transaction costs except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of income and comprehensive income. Other financial liabilities are subsequently recognized at amortized cost using the effective interest method with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(v) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

3. Significant accounting policies (continued):

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(d) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is provided at rates designed to amortize the cost of the assets over their estimated useful lives as follows:

	Rate	Basis
Computer equipment	30%	Declining balance
Computer software	30%	Declining balance
Furniture and equipment	20%	Declining balance
Vehicles	30%	Declining balance
Leasehold improvements	5 years	Over the term of the lease

The carrying values of property and equipment are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired and an impairment loss is charged to the statement of income and comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and comprehensive income.

(e) Revenue recognition:

The Company earns revenue from providing educational services (referral fees) from various suppliers of licensed producers of cannabis to educate their clients on different strains of cannabis plants and how to properly use their products based on their clients' ailment and refer these clients to the cannabis produces. Revenue is measured at the fair value of the consideration received or receivable for the rendering of services/referral in the ordinary course of the Company's activities and which are generally met once the referral is made and the client purchases cannabis from the licensed producers.

3. Significant accounting policies (continued):

Revenue is recognized when all of the following conditions are met:

(i) it is probable that the economic benefits associated with the transaction will flow to the Company;

(ii) the costs incurred or to be incurred in respect of the transaction can be measured reliably; and

(iii) the amount of revenue can be measured reliably.

(f) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income and comprehensive income.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized.

3. Significant accounting policies (continued):

Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(g) Finance expense:

As a result of short and long-term debt, the Company incurs finance (interest) expense. Interest expense is recorded on an accrual basis.

(h) Leases:

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. It requires consideration of whether the fulfillment of the arrangement is dependent on the use of a specific tangible asset or the arrangement conveys a right to use the tangible asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognized as an expense in the statement of income and comprehensive income on a straight-line basis over the lease term.

(i) Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

4. Change in accounting policies:

Effective May 1, 2015, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") - the Company implemented certain amendments to IFRS 10 and IAS 28 on May 1, 2015. These amendments relate to the sale or contribution of assets between an investor and its associate or joint venture and require the recognition of a full gain or loss when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business.

4. Change in accounting policies (continued):

The implementation of amendments to IFRS 10 and IAS 28 had no impact to the Company's financial statements for the year ended April 30, 2016.

(b) IFRS 11, *Joint Arrangements* ("IFRS 11") - Amendments to IFRS 11 address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business and requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, *Business Combinations*. The Company implemented the amendments to IFRS 11 effective May 1, 2015. The implementation of amendments to IFRS 11 had no impact the Company's financial statements for the year ended April 30, 2016.

5. Property and equipment:

A continuity of the components of property and equipment as at and for the years ended April 30 are as follows:

Cost	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - May 1, 2014 (unaudited)	$ -	$ -	$ 648	$ -	$ 6,741	$ 7,389
Additions	10,100	-	36,123	60,854	20,930	128,007
Balance - April 30, 2015 (unaudited)	$ 10,100	$ -	$ 36,771	$ 60,854	$ 27,671	$ 135,396
Additions	**9,466**	**34,155**	**32,349**	**11,000**	**29,767**	**116,737**
Disposals	**-**	**-**	**-**	**-**	**(27,066)**	**(27,066)**
Balance – April 30, 2016	**$ 19,566**	**$ 34,155**	**$ 69,120**	**$ 71,854**	**$ 30,372**	**$ 225,067**

Accumulated Amortization	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - May 1, 2014 (unaudited)	$ -	$ -	$ 65	$ -	$ 1,011	$ 1,076
Amortization	2,119	-	6,430	9,128	3,166	20,843
Balance - April 30, 2015 (unaudited)	$ 2,119	$ -	$ 6,495	$ 9,128	$ 4,177	$ 21,919
Amortization	**4,123**	**7,493**	**5,445**	**17,168**	**7,678**	**41,907**
Disposals	**-**	**-**	**-**	**-**	**(5,413)**	**(5,413)**
Balance – April 30, 2016	**$ 6,242**	**$ 7,493**	**$ 11,940**	**$ 26,296**	**$ 6,442**	**$ 58,413**

5. Property and equipment (continued):

Carrying Value	Computer equipment	Computer software	Furniture and equipment	Vehicles	Leasehold improvements	Total
Balance - April 30, 2015 (unaudited)	$ 7,981	$ -	$ 30,276	$ 51,726	$ 23,494	$ 113,477
Balance – April 30, 2016	**$ 13,324**	**$ 26,662**	**$ 57,180**	**$ 45,558**	**$ 23,930**	**$ 166,654**

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consists of the following as at April 30:

	2016	2015 (unaudited)
Accounts payable and accrued liabilities	**$ 179,192**	$ 47,340
Due to The Longevity Project Corp. (a)	**146,787**	-
Employee deductions payable	**32,279**	3,442
Harmonized Sales Tax payable	**112,123**	12,227
	$ 470,381	$ 63,009

(a) Advances have been received from The Longevity Project Corp. These advances are unsecured, non-interest bearing, and are due on demand. (See also Note 20(a)).

7. Long-term debt:

Long-term debt consists of the following as at April 30:

	2016	2015 (unaudited)
Aphria Inc. Promissory Note (a)	**$ 274,550**	$ 500,000
Scotia Bank Loan (b)	**43,461**	48,716
Total debt	**$ 318,011**	$ 548,716
Current portion of long-term debt	**(259,736)**	(225,451)
Long-term debt	**$ 58,275**	$ 323,265

(a) In March 2015, the Company signed a Promissory Note and borrowed $500,000 from Aphria Inc., a publicly-traded company (TSXV: "APH") for working capital purposes. The Promissory Note bears interest at 3% per annum, repayable in equal monthly installments of $21,491 (including interest) and matures on March 29, 2017. For the year ended April 30, 2016, included in the statement of income and comprehensive income is interest expense of $10,946 (2015 – nil) paid to Aphria Inc.

7. Long-term debt (continued):

(b) In July 2014, the Company obtained an 8-year loan from the Bank of Nova Scotia to purchase a vehicle. The loan is collateralized against the vehicle and bears interest at 3.99% per annum, repayable in bi-weekly instalments of $298 commencing on July 31, 2014 and matures on July 31, 2022. For the year ended April 30, 2016, included in the statement of income and comprehensive income is interest expense paid of $1,854 (2015 -$808).

As at April 30, 2016, the principal repayments on long-term debt are as follows:

2017	**$**	**259,736**
2018		**27,847**
2019		**6,670**
2020		**7,214**
2021		**7,235**
Subsequent		**9,309**
	$	**318,011**

8. Due to shareholders:

The amounts due to shareholders are non-interest bearing and are due on demand.

The amounts due to shareholders are as follows as at April 30:

		2016		2015 (unaudited)
Due to Fabian Henry	**$**	**35,018**	$	2,649
Due to Michael Southwell		**3,017**		5,027
	$	**38,035**	$	7,676

9. Income tax expense and deferred tax liabilities:

(a) Income tax expense attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 27.0% (2015 – 27.0%) of pre-tax income as a result of the following for the year ended April 30:

		2016		2015 (unaudited)
Income (loss) before income taxes	**$**	**690,080**	$	(5,017)
Computed "expected" income tax expense (recovery)	**$**	**186,322**	$	(1,354)
Expenses not deductible for income tax purposes		**4,776**		-
Small business deduction		**(60,833)**		-
Other differences		**(7,045)**		(5,901)
Net deferred tax assets not recognized		**-**		7,255
Net deferred tax liabilities recognized		**11,504**		-
Income tax expense	**$**	**134,724**	$	-

9. Income tax expense and deferred tax liabilities (continued):

(b) Significant components of the income tax expense for the years ended April 30 are as follows:

		2016		2015 (unaudited)
Current income tax expense	**$**	**123,220**	$	-
Deferred tax expense relating to origination and reversal of temporary differences		**11,504**		-
Income tax expense	**$**	**134,724**	$	-

(c) The following net deferred tax liabilities are recognized in the financial statements as at April 30:

		2016		2015 (unaudited)
Cumulative eligible capital	**$**	**245**	$	-
Property and equipment		**(11,749)**		-
	$	**(11,504)**	$	-

10. Related party transactions:

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) During the year ended April 30, 2016, no compensation was paid to key management personnel and directors.

(b) As at April 30, 2016 and 2015, the Company had amounts due to shareholders of $38,035 and $7,676, respectively, see Note 8 and 11(c).

(c) Subsequent to April 30, 2016, the Company loaned $30,000 to a related company, Mary Jane Vapes Inc., as described in Note 20(c).

11. Share capital:

(a) Authorized:

(j) Unlimited number of Class A voting common shares (no par value) of which 98 (2015 – 100) are outstanding;

(ii) Unlimited number of Class B non-voting common shares (no par value).

(b) During the year ended April 30, 2016, the Company redeemed 2 Class A voting common shares for cash consideration of $30,000 resulting in a reduction to retained earnings of $29,998.

11. Share capital (continued):

(c) During the year ended April 30, 2016, the Company paid dividends of $250,000 to the Class A common shareholders.

12. Commitments and obligations:

(a) As at April 30, 2016, future minimum annual lease payments under various operating leases for premises and equipment are approximately as follows:

2017	$	**274,234**
2018		**212,878**
2019		**171,543**
2020		**120,502**
2021		**41,891**
	$	**821,048**

(b) Long-term debt repayments, see Note 7.

13. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have a single operating segment.

The Company has a single reportable geographic segment, Canada, and all of the Company's property and equipment are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended April 30, 2016.

14. Expenses by nature:

Included in operating, general, and administrative expenses for the years ended April 30 are the following expenses:

		2016		2015 (unaudited)
Salaries and wages	$	456,558	$	73,180
Advertising		363,394		48,941
Sub-contracts		311,433		175,776
Professional fees		263,976		124,981
Memberships and licences		196,093		2,046
Rental		169,499		55,640
Office and general		166,586		95,685
Travel and promotion		149,289		56,432
Other operating expenses		83,561		43,162
Repairs and maintenance		67,205		14,053
Supplies and utilities		58,267		15,169
Amortization		41,907		20,843
Insurance		22,009		4,440
Foreign exchange expense		3,078		-
Bad debts		-		4,185
	$	2,352,855	$	734,533

15. Finance expenses:

Finance expenses comprises of the following for the years ended April 30:

		2016		2015 (unaudited)
Interest expense on long-term debt	$	12,800	$	808
Interest and bank charges		6,507		2,422
Interest on late payments		1,969		-
	$	21,276	$	3,230

16. Management of capital:

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from its shareholders or other debt. The Company includes the following in its capital as at April 30:

		2016		2015 (unaudited)
Share capital	$	98	$	100
Retained earnings (deficit)		214,212		(61,146)
Due to shareholders (note 8)		38,035		7,676
	$	252,345	$	(53,370)

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

16. Management of capital (continued):

The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of lease and loan repayments;

(b) to ensure that the Company maintains the level of capital necessary to meet its working capital;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

(d) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) maintaining a pipeline of revenue stream; and

(b) raising capital through loans or debt financings.

There were no changes in the Company's approach to capital management during the year ended April 30, 2016. To date, the Company has declared cash dividends of $250,000 for the year ended April 30, 2016 to its shareholders as part of its capital management program. The Company's current working capital is sufficient to discharge its liabilities as at April 30, 2016.

17. Financial instruments and financial risk management:

Financial instruments

The Company classifies its cash as fair value through profit or loss and is categorized as level 1 in the fair value hierarchy. Accounts receivable are recognized as loans and receivables, and accounts payable and accrued liabilities, due to shareholders, and long-term debt as other financial liabilities.

The carrying amounts of accounts receivable, accounts payable and accrued liabilities, and due to shareholders approximate their fair value due to their short periods to maturity.

Financial risk management

The Company has exposure to counterparty credit risk, interest rate and liquidity risk associated with its financial assets and liabilities.

There were no significant or material changes to the Company's risk management during the year ended April 30, 2016.

17. Financial instruments and financial risk management (continued):

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from cannabis producers. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific cannabis producers may be affected by economic factors and government factors which may impact accounts receivable. Management does not believe that a single industry or geographic region represents significant credit risk. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amounts of accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of income (loss) and comprehensive income (loss) in operating, general and administrative expenses.

When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss and comprehensive loss. Historically, trade credit losses have been minimal.

The maximum exposure to credit risk is the carrying amount of the Company's cash and accounts receivable which total $937,818 as at April 30, 2016 (2015 - $443,378).

All cash is on deposit with major Canadian financial institutions.

An aging of accounts receivable as at April 30, 2016 and 2015 is as follows:

	Accounts receivable due by period				
	0-30 days	**31-60 days**	**61-90 days**	**91+ days**	**Total**
2016	**$ 490,581**	**$ 401,983**	**$ -**	**$ 4,192**	**$ 897,055**
2015 (unaudited)	$ 111,030	$ -	$ -	$ -	$ 111,030

The allowance for doubtful accounts and bad debts expense are $Nil for the year ended April 30, 2016 (2015 - $4,185). The Company does not have collateral to any of its receivable balances. See note 17(d) for concentration of credit risk.

17. Financial instruments and financial risk management (continued):

(b) Interest rate risk:

Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at April 30, 2016 and 2015, the Company did not have any interest rate risk liabilities. All of the Company's debt has a fixed interest rate or are non-interest bearing.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets or ability to borrow funds is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its operating activities.

The following is an analysis of financial obligations based on their due dates as at April 30, 2016 and 2015:

	Payments due by period			
	Less than 1 year	**Between 1 and 3 years**	**More than 3 years**	**Total**
April 30, 2016				
Accounts payable and accrued liabilities	**$ 470,381**	**$ -**	**$ -**	**$ 470,381**
Due to shareholders	**38,035**	**-**	**-**	**38,035**
Income taxes payable	**103,873**	**-**	**-**	**103,873**
Long-term debt	**259,736**	**34,517**	**23,758**	**318,011**
Deferred tax liabilities	**-**	**11,504**	**-**	**11,504**
Lease obligations	**274,234**	**384,421**	**162,393**	**821,048**
	$ 1,146,259	**$ 430,442**	**$ 186,151**	**$ 1,762,852**
April 30, 2015 (unaudited)				
Accounts payable and accrued liabilities	$ 63,009	$ -	$ -	$ 63,009
Due to shareholders	7,676	-	-	7,676
Long-term debt	225,451	299,507	23,758	548,716
	$ 296,136	$ 299,507	$ 23,758	$ 619,401

17. Financial instruments and financial risk management (continued):

The following is a liquidity analysis of the Company's assets as at April 30, 2016 and 2015:

	Liquidity by period			
	Less than 1 year	**More than 1 year**	**Non-liquid**	**Total**
April 30, 2016				
Cash	**$ 40,763**	**$ -**	**$ -**	**$ 40,763**
Accounts receivable	**897,055**	**-**	**-**	**897,055**
Prepaid expenses	**-**	**-**	**51,642**	**51,642**
Property and equipment	**-**	**-**	**166,654**	**166,654**
	$ 937,818	**$ -**	**$ 218,296**	**$ 1,156,114**
April 30, 2015 (unaudited)				
Cash	$ 332,348	$ -	$ -	$ 332,348
Accounts receivable	111,030	-	-	111,030
Prepaid expenses	-	-	1,500	1,500
Property and equipment	-	-	113,477	113,477
	$ 443,378	$ -	$ 114,977	$ 558,355

(d) Economic dependence:

Revenue

For the years ended April 30, 2016 and 2015, the Company earned 87% and 98%, respectively, of its revenue from two licensed producers, in the form of educational service fees.

Concentration of credit risk

As at April 30, 2016, the accounts receivable from 2 licensed producers of cannabis represents approximately 81% of the accounts receivable. As at April 30, 2015, the accounts receivable from 1 licensed producer of cannabis represents approximately 95% of the accounts receivable.

As at April 30, 2016 and 2015, the Company had no reason to believe that the accounts receivable will not be collected.

18. Future accounting changes:

As at the date of authorization of these financial statements, the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

18. Future accounting changes (continued):

(a) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9") bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 introduces 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. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

In addition, IFRS 9 also 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, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet assessed the impact of the adoption of IFRS 9 on its financial performance or its financial position.

(b) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, 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 15 provides a single, principles based five step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*.

In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

18. Future accounting changes (continued):

(c) IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases. The presentation on the statement of income and other comprehensive income required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company has not completed the process of assessing the impact that the amended standards will have on its financial statements.

(d) 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.

(e) IAS 7, *Statement of Cash Flows* ("IAS 7") - In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its financial statements.

(f) IAS 12, *Income Taxes* ("IAS 12") - In January 2016, the IASB issued amendments to IAS 12, which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its financial statements.

(g) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") and, were amended in May 2014. Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

Amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted under two limited. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Company uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively.

18. Future accounting changes (continued):

The Company has not completed the process of assessing the impact that the amended standards will have on its financial statements.

19. Comparative financial statements:

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the April 30, 2016 financial statements and are prepared by management (unaudited).

20. Subsequent event:

(a) On June 15, 2016, the Company entered into a share exchange agreement ("Acquisition Agreement") between The Longevity Project Corp. ("TLP") and Abba Medix Group Inc. ("Abba") whereby Abba will acquire all of the outstanding common shares of the Company and TLP. TLP is a privately-owned company, through their client services platforms, including its Plants Not Pills program, provides resources to Canadians considering medical marijuana as an alternative to prescription medication. Abba is a publicly-traded company on the Canadian Securities Exchange ("CSE") under the symbol "ABA", the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

Through the acquisition, the shareholders of TLP and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: MFT will be issued approximately 51% of Abba in common shares and TLP will be issued approximately 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in aggregated cash consideration to the shareholders of MFT and TLP in an earn-out payment. The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) there being no material adverse change in the business of Abba, TLP or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals by Abba including the approval of the CSE.

(b) On July 29, 2016, the Company entered into four 24-month vehicle leases at 0% interest per annum with Ford Credit Canada Leasing. The Company has committed to aggregate payments under the four leases of $2,569 per month, which end on May 29, 2018. The leases contain an option to purchase the vehicles at the end of the term for approximately $19,000 per vehicle.

20. Subsequent events (continued):

(c) On June 21, 2016, the Company loaned $30,000 to Mary Jane Vapes Inc. for the purpose of enabling it to open a location in Oromocto, New Brunswick, and to allow the two companies to cross-sell their products. Mary Jane Vapes Inc. is a related corporation, as the shareholders of the Company are also significant shareholders of Mary Jane Vapes Inc. The loan is unsecured, non-interest bearing, and is due on June 21, 2019.

(d) On September 13, 2016, the Company entered into a purchase and sale agreement to purchase the building at 255 Restigouche Road in Oromocto, New Brunswick, which is the location of the Company's head office. The purchase price is $510,000 and is scheduled to close in November 2016.

SCHEDULE G

FINANCIAL STATEMENTS OF TLP

(See attached)

Financial Statements of

THE LONGEVITY PROJECT CORP.

June 30, 2016 (Unaudited) and December 31, 2015 (Audited)
(Prepared in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
The Longevity Project Corp.

Report on the Financial Statements

We have audited the accompanying financial statements of The Longevity Project Corp., which comprise the statement of financial position as at December 31, 2015, and the statements of income (loss) and comprehensive income (loss), changes in equity (deficit) and cash flows from incorporation (March 25, 2015) to December 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Longevity Project Corp. as at December 31, 2015, and its financial performance and its cash flows from incorporation (March 25, 2015) to December 31, 2015 in accordance with International Financial Reporting Standards.

DNTW Toronto LLP

Toronto, Ontario
October 31, 2016

Chartered Professional Accountants
Licensed Public Accountants

THE LONGEVITY PROJECT CORP.

Statements of Financial Position
As at June 30, 2016 and December 31, 2015
(Prepared in Canadian dollars)

	Notes	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Assets			
Current			
Cash		**$ 22,362**	$ 5,820
Accounts receivable	19(a)	**181,596**	118,290
Prepaids		**-**	15,000
Advances to shareholders	8	**7,497**	-
Other advances	5	**154,291**	21,166
		365,746	160,276
Property and equipment	6	**23,354**	28,255
		$ 389,100	$ 188,531
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	7	**$ 171,006**	$ 64,134
Advances from shareholders	8	**16,246**	137,580
Current portion of long-term debt	9	**6,501**	6,083
Income tax payable		**43,866**	-
		237,619	207,797
Long-term debt	9	**21,786**	24,971
		259,405	232,768
Equity (deficit)			
Share capital	12	**10**	10
Retained earnings (deficit)		**129,685**	(44,247)
		129,695	(44,237)
		$ 389,100	$ 188,531

Commitments and obligations 13

The accompanying notes are an integral part of these financial statements

On behalf of the Board:

"David Shpilt" Director

"Scott Fitzgerald" Director

THE LONGEVITY PROJECT CORP.

Statements of Income (Loss) and Comprehensive Income (Loss)

For the six months ended June 30, 2016 (unaudited) and from incorporation (March 25, 2015) to December 31, 2015

(Prepared in Canadian dollars)

	Notes	For the six months ended June 30, 2016 (Unaudited)	From incorporation (March 25, 2015) to December 31, 2015 (Audited)
Revenue	15, 19(d)	**$ 845,107**	$ 417,520
Expenses			
Operating, general and administrative	16	**514,493**	458,564
Finance expenses	17	**2,816**	3,203
		517,309	461,767
Income (loss) before income taxes		**327,798**	(44,247)
Income tax expense	10	**43,866**	-
Net income (loss) and comprehensive income (loss) for the period		**$ 283,932**	$ (44,247)
Earnings (loss) per common share for the period			
Basic and diluted		**$ 2,839**	$ (442)
Weighted average number of common shares outstanding			
Basic and diluted		**100**	100

The accompanying notes are an integral part of these financial statements

THE LONGEVITY PROJECT CORP.

Statements of Changes in Equity (Deficit)
For the six months ended June 30, 2016 (unaudited) and from incorporation (March 25, 2015) to December 31, 2015
(Prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Retained earnings (deficit)	Equity (deficit)
Balance at March 25, 2015		-	$ -	$ -	$ -
Shares issued pursuant to incorporation		100	10	-	10
Net loss and comprehensive loss for the period		-	-	(44,247)	(44,247)
Balance at December 31, 2015 (audited)		100	$ 10	$ (44,247)	$ (44,237)
Net income and comprehensive income for the period		**-**	**-**	**283,932**	**283,932**
Dividends paid	11(b)	**-**	**-**	**(110,000)**	**(110,000)**
Balance at June 30, 2016 (unaudited)		**100**	**$ 10**	**$ 129,685**	**$ 129,695**

The accompanying notes are an integral part of these financial statements

THE LONGEVITY PROJECT CORP.

Statements of Cash Flows

For the six months ended June 30, 2016 (unaudited) and from incorporation (March 25, 2015) to December 31, 2015

(Prepared in Canadian dollars)

	Notes	For the six months ended June 30, 2016	From incorporation (March 25, 2015) to December 31, 2015
		(Unaudited)	(Audited)
Cash flows from (used in) operating activities			
Net income (loss) for the period		**$ 283,932**	$ (44,247)
Items not affecting cash			
Amortization		**4,901**	5,765
		288,833	(38,482)
Changes in non-cash working capital balances			
Increase in accounts receivable		**(63,306)**	(118,290)
Decrease (increase) in prepaids		**15,000**	(15,000)
Increase in accounts payable and accrued liabilities		**106,872**	64,134
Increase in income tax payable		**43,866**	-
		391,265	(107,638)
Cash flows from (used in) financing activities			
Advances from (repayment to) shareholders		**(128,831)**	137,580
Other advances		**(133,125)**	(21,166)
Net proceeds from (repayment of) long-term debt		**(2,767)**	31,054
Issuance of shares pursuant to incorporation		**-**	10
Dividends paid	11(b)	**(110,000)**	-
		(374,723)	147,478
Cash flows used in investing activities			
Purchase of property and equipment		**-**	(34,020)
		-	(34,020)
Net increase in cash during the period		**16,542**	5,820
Cash, beginning of period		**5,820**	-
Cash, end of period		**$ 22,362**	$ 5,820
Supplemental cash flow information			
Income taxes paid		**$ -**	$ -
Finance expense paid		**2,816**	3,203

The accompanying notes are an integral part of these financial statements

1. Nature of business:

The Longevity Project Corp. ("TLP" or the "Company"), a privately-owned company, was incorporated on March 25, 2015 under the *Business Corporations Act* (Ontario) with its registered and head office at 29 Kilworth Park Dr., Komoka, Ontario, N0L 1R0. The Company, through their client services platforms, including its Plants Not Pills program, provides resources to Canadians considering medical cannabis as an alternative to prescription medication. TLP has assembled a team of knowledgeable wellness consultants who guide and support clients in understanding safe and effective treatments for their conditions.

The audited financial statements as at and for the period from incorporation (March 25, 2015) to December 31, 2015 ("the audited statements") and the unaudited interim financial statements as at and for the six months ended June 30, 2016 ("the interim statements"), collectively, "these financial statements", were approved for issuance by the Company's board of directors on October 31, 2016.

2. Basis of preparation:

(a) Statement of compliance:

The audited statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of the audited statements are presented below.

The interim statements for the six months ended June 30, 2016 are unaudited and have been in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee using accounting policies consistent with IFRS.

The same accounting policies and methods of computation were followed in the preparation of the interim statements as were followed in the preparation of the audited statements (and as described in Note 3) except for those that were adopted on January 1, 2016 and are described in Note 4.

(b) Basis of presentation:

These financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

(c) Critical accounting judgments, estimates and assumptions:

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

2. Basis of preparation (continued):

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by the Company preparing these financial statements are as follows:

(i) Impairments:

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets (property and equipment) are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the property and equipment assets less costs to sell or the value-in-use calculations.

An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. There were no impairments recorded during the six months ended June 30, 2016 and from incorporation (March 25, 2015) to December 31, 2015 with respect to its non-financial assets.

(ii) Allowance for doubtful accounts:

Accounts receivable and advances are reviewed for collectability on a monthly basis. Management is required to make judgment whether a receivable balance is collectable based on their relationship with the client and knowledge of the client's financial position. These judgments will affect the reported amounts of accounts receivable, advances and bad debts expense.

(iii) Income taxes:

The Company is subject to income taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period.

2. Basis of preparation and going concern (continued):

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

The information about significant areas of judgment considered by management in preparing these financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on a going concern basis. (See note 21)

3. Significant accounting policies:

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented.

(a) Foreign currency:

(i) Functional currency:

These financial statements are presented in Canadian dollars which is functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the statement of income (loss) and comprehensive income (loss).

3. Significant accounting policies (continued):

(b) Financial instruments:

(i) Financial assets at fair value:

Financial assets that are managed to collect contractual cash flows made up of principal and interest on specified dates are classified as subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(ii) Financial liabilities at fair value:

Financial liabilities are presented at amortized cost and are recognized initially at fair value net of directly attributable transaction costs except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of income and comprehensive income. Other financial liabilities are subsequently recognized at amortized cost using the effective interest method with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3. Significant accounting policies (continued):

(iv) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(d) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is provided at rates designed to amortize the cost of the assets over their estimated useful lives as follows:

	Rate	Basis
Vehicles	30%	Declining balance

The carrying values of property and equipment are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired and an impairment loss is charged to the statement of income and comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and comprehensive income.

3. Significant accounting policies (continued):

(e) Revenue recognition:

Education services (referral fees)

The Company earns revenue from providing educational services (referral fees) from various suppliers of licensed producers of cannabis to educate their clients on different strains of cannabis plants and how to properly use their products based on their clients' ailment and refer these clients to the cannabis produces. Revenue is measured at the fair value of the consideration received or receivable for the rendering of services/referral in the ordinary course of the Company's activities and which are generally met once the referral is made and the client purchases cannabis from the licensed producers. Revenue is recognized when all of the following conditions are met:

(i) it is probable that the economic benefits associated with the transaction will flow to the Company;

(ii) the costs incurred or to be incurred in respect of the transaction can be measured reliably; and

(iii) the amount of revenue can be measured reliably.

Skype fees

Skype fees are earned for arranging an appointment between the Company's clients and a physician to obtain a prescription for the medical cannabis. These fees are paid by the patient and billed at the time when the appointment is arranged. Revenue is recognized when all of the conditions above (i, ii, and iii) are met.

(h) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

3. Significant accounting policies (continued):

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income (loss) and comprehensive income (loss).

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(j) Finance expense:

As a result of bank indebtedness, short and long-term debt, the Company incurs finance (interest) expense. Interest expense is recorded on an accrual basis.

(k) Leases:

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. It requires consideration of whether the fulfillment of the arrangement is dependent on the use of a specific tangible asset or the arrangement conveys a right to use the tangible asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognized as an expense in the statement of income (loss) and comprehensive income (loss) on a straight-line basis over the lease term.

3. Significant accounting policies (continued):

(l) Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

4. Change in accounting policies:

Effective January 1, 2016, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) IAS 1, *Presentation of Financial Statements* ("IAS 1") - On January 1, 2016, the Company implemented certain amendments to IAS 1, which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Company's financial statements for the six months ended June 30, 2016.

(b) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") - the Company implemented certain amendments to IFRS 10 and IAS 28 on May 1, 2015. These amendments relate to the sale or contribution of assets between an investor and its associate or joint venture and require the recognition of a full gain or loss when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The implementation of amendments to IFRS 10 and IAS 28 had no impact to the Company's financial statements for the six months ended June 30, 2016.

(c) IFRS 11, *Joint Arrangements* ("IFRS 11") - Amendments to IFRS 11 address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business and requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, *Business Combinations*. The Company implemented the amendments to IFRS 11 effective May 1, 2015. The implementation of amendments to IFRS 11 had no impact the Company's financial statements for the six months ended June 30, 2016.

4. Change in accounting policies (continued):

(d) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") - On January 1, 2016, the Company implemented amendments to IAS 16 and IAS 38, which eliminated the use of a revenue-based depreciation method for items of property, plant and equipment and eliminated the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's interim statements for the six months ended June 30, 2016.

5. Other advances:

As at June 30, 2016, other advances consists of $154,291 and as at December 31, 2015, $21,166, due from 672800 N.B. Inc., a private company. The private company is engaged in the business of helping veterans with post-traumatic stress disorder.

The advances are unsecured, non-interest bearing, and are due on demand. See Subsequent Events, Note 21.

6. Property and equipment:

The components of property and equipment as at June 30, 2016 and December 31, 2015 are as follows:

	June 30, 2016 (unaudited)			December 31, 2015		
	Cost	**Accumulated amortization**	**Net book value**	Cost (additions)	Accumulated amortization	Net book value
Vehicle	**$ 34,020**	**$ 10,666**	**$ 23,354**	$ 34,020	$ 5,765	$ 28,255

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consists of the following as at June 30, 2016 and December 31, 2015:

	June 30, 2016 (unaudited)	December 31, 2015
Accounts payable and accrued liabilities	**$ 22,740**	$ 24,021
Employee deductions payable	**7,950**	-
Harmonized Sales Tax payable	**140,316**	40,113
	$ 171,006	$ 64,134

8. Advances to (from) shareholders:

Advances to (from) shareholders consists of the following as at June 30, 2016 and December 31, 2015:

Shareholder:	June 30, 2016 (unaudited)	December 31, 2015
David Shpilt	**$ (16,246)**	$ (84,715)
Scott Fitzgerald	**7,497**	(52,865)
	$ (8,749)	$ (137,580)

The above advances are unsecured, non-interest bearing, and are due on demand.

9. Long-term debt:

Long-term debt consists of the following as at June 30, 2016 and December 31, 2015:

	June 30, 2016 (unaudited)	December 31, 2015
Royal Bank of Canada vehicle loan (a)	**$ 28,287**	$ 31,054
Current portion of long-term debt	**(6,501)**	(6,083)
Long-term debt	**$ 21,786**	$ 24,971

(a) In July 2015, the Company obtained a 4.5-year loan from the Royal Bank of Canada to purchase a vehicle. The loan is collateralized against the vehicle and bears interest at 5.99% per annum, repayable in semi-monthly instalments of $299 commencing on July 29, 2015 and matures on February 19, 2020. For the six months ended June 30, 2016, included in the statements of income (loss) and comprehensive income (loss) is interest expense paid of $890 and from incorporation (March 25, 2015) to December 31, 2015, $819 in interest expense, relating to this loan.

(b) As at June 30, 2016, the long-term debt repayment for the next five years are as follows:

2017	**$ 6,501**
2018	**6,652**
2019	**7,061**
2020	**7,496**
2021	**577**
	$ 28,287

As at December 31, 2015, the long-term debt repayment for the next five years are as follows:

2016	**$ 6,083**
2017	**6,457**
2018	**6,854**
2019	**7,275**
2020	**4,385**
	$ 31,054

10. Income tax expense and deferred tax liabilities:

(a) Income tax expense attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2015 – 26.5%) of pre-tax income as a result of the following:

	For the six months ended June 30, 2016 (unaudited)	From incorporation (March 25, 2015) to December 31, 2015
Income (loss) before income taxes	**$ 327,798**	$ (44,247)
Computed "expected" income tax expense (recovery)	**$ 86,866**	$ (11,725)
Expenses not deductible for income tax purposes	**832**	1,144
Small business deduction	**(33,273)**	-
Net deferred tax assets not recognized	**753**	10,581
Recognition of non-capital losses carried forward	**(11,312)**	-
Income tax expense	**$ 43,866**	$ -

(b) Significant components of the income tax expense for the periods ended June 30, 2016 and December 31, 2015 are as follows:

	For the six months ended June 30, 2016 (unaudited)	From incorporation (March 25, 2015) to December 31, 2015
Current income tax expense	**$ 43,866**	$ -
Income tax expense	**$ 43,866**	$ -

(c) The following deferred tax assets (liabilities) are not recognized in the statements of financial position due to the unpredictability of future income are presented below:

	June 30, 2016 (unaudited)	December 31, 2015
Non-capital losses carried forward	**$ -**	$ 11,311
Property and equipment	**-**	(730)
Net deferred tax assets	**$ -**	$ 10,581

As at December 31, 2015, the Company has approximately $42,700 of non-capital losses carried forward which would expire in 2035. As at June 30, 2016, the Company utilized the non-capital losses in full.

11. Related party transactions:

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) As at June 30, 2016, the Company had net advances from shareholders of $8,749. As at December 31, 2015, the Company had net advances of $137,580. See Note 8.

(b) During the six months ended June 30, 2016, the Company paid dividends of $110,000 to the common shareholders of the Company. No dividends were paid to the common shareholders for the period from incorporation (March 25, 2015) to December 31, 2015.

12. Share capital:

As at June 30, 2016 and December 31, 2015, the Company is authorized to issue an unlimited number of common shares (no par value) of which 100 shares were issued and outstanding for $10.

13. Commitments and obligations:

(a) As at June 30, 2016, future minimum annual lease payments under various operating leases for equipment are approximately as follows:

2017	**$**	**6,926**
2018		**6,926**
2019		**4,830**
2020		**2,734**
2021		**2,050**
	$	**23,466**

As at December 31, 2015, future minimum annual lease payments under various operating leases for equipment are approximately as follows:

2016	$	6,926
2017		6,926
2018		6,926
2019		2,734
2020		2,734
2021		683
	$	26,929

(b) See Note 9(b) for the long-term debt repayments.

14. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have a single operating segment.

The Company has a single reportable geographic segment, Canada, and all of the Company's property and equipment are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the six months ended June 30, 2016 and the period from incorporation (March 25, 2015) to December 31, 2015.

15. Revenue:

Revenue comprises the following for the six months ended June 30, 2016 and from incorporation (March 25, 2015) to December 31, 2015 (see Note 19(d)):

	For the six months ended June 30, 2016 (unaudited)	From incorporation (March 25, 2015) to December 31, 2015
Educational service fees	**$ 666,613**	$ 310,353
Skype fees	**178,494**	107,167
	$ 845,107	$ 417,520

16. Expenses by nature:

Included in operating, general, and administrative expenses for the six months ended June 30, 2016 and from incorporation (March 25, 2015) to December 31, 2015 are the following expenses:

	For the six months ended June 30, 2016 (unaudited)	From incorporation (March 25, 2015) to December 31, 2015
Sub-contractors	**$ 138,240**	$ 295,407
Salaries and wages	**110,408**	-
Commissions	**63,686**	16,752
Advertising and promotion	**43,994**	16,293
Office rental	**41,799**	36,650
Office and general	**41,354**	37,064
Computer related expenses	**26,921**	16,950
Utilities	**15,805**	11,013
Professional fees	**9,899**	11,300
Travel expenses	**8,265**	6,648
Amortization	**4,901**	5,765
Repairs and maintenance	**4,232**	993
Insurance	**3,152**	1,942
Bank charges	**1,837**	1,787
	$ 514,493	$ 458,564

17. Finance expenses:

Included in the statement of income (loss) and comprehensive income (loss) for the six months ended June 30, 2016 is finance expense of $2,816. Included in the statement of income (loss) and comprehensive income (loss) for the period from incorporation (March 25, 2015) to December 31, 2015 was finance expense of $3,203. Finance expenses relate to interest paid on long-term debt (see Note 9) and other accrued interest and penalties.

18. Management of capital:

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from its shareholders or other debt. The Company includes the following in its capital:

	June 30, 2016 (unaudited)	December 31, 2015
Share capital	**$ 10**	$ 10
Retained earnings (deficit)	**129,685**	(44,247)
Net advances from shareholders (note 8)	**8,749**	137,580
	$ 138,444	$ 93,343

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of lease and loan repayments;

(b) to ensure that the Company maintains the level of capital necessary to meet its working capital;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

(d) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) maintaining a pipeline of revenue stream; and

(b) raising capital through loans or debt financings.

18. Management of capital (continued):

There were no changes in the Company's approach to capital management during the period ended June 30, 2016. To date, the Company has declared and paid cash dividends of $110,000 for the six months ended June 30, 2016 to its shareholders as part of its capital management program.

19. Financial instruments and financial risk management:

Financial instruments

The Company classifies its cash as fair value through profit or loss and is categorized as level 1 in the fair value hierarchy. Accounts receivable, and advances receivable are recognized as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

The carrying amounts of accounts receivable, advances receivable, and accounts payable and accrued liabilities approximate their fair value due to their short periods to maturity.

Financial risk management

The Company has exposure to counterparty credit risk, interest rate and liquidity risk associated with its financial assets and liabilities.

There were no significant or material changes to the Company's risk management during the six months ended June 30, 2016 and from incorporation (March 25, 2015) to December 31, 2015. A discussion of the Company's use of financial instruments and other associated risks is as follows.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, accounts receivable and other advances. The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from cannabis producers. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific cannabis producers may be affected by economic factors and government factors which may impact accounts receivable. Management does not believe that a single industry or geographic region represents significant credit risk. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

19. Financial instruments and financial risk management (continued):

The carrying amounts of accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of income and comprehensive income in general and administrative expenses.

When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss and comprehensive loss. Historically, trade credit losses have been minimal.

The maximum exposure to credit risk is the carrying amount of the Company's cash, accounts receivable, advances to shareholders and other advances, which total $365,746 as at June 30, 2016 and $145,276 as at December 31, 2015.

An aging of accounts receivable as at June 30, 2016 and December 31, 2015 is as follows:

	Accounts receivable due by period				
	0-30 days	**31-60 days**	**61-90 days**	**91+ days**	**Total**
June 30, 2016 (unaudited)	**$ 142,968**	**$ -**	**$ 27,379**	**$ 11,249**	**$ 181,596**
December 31, 2015	$ 118,290	$ -	$ -	$ -	$ 118,290

The allowance for doubtful accounts and bad debts expense are $Nil for the six months ended June 30, 2016 and the period from incorporation (March 25, 2015) to December 31, 2015. The Company does not have collateral to any of its receivable balances. See note 19(d) for concentration of credit risk.

Credit risk on advances receivable is mitigated by the relationship between the parties, as discussed in note 21.

(b) Interest rate risk:

Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at June 30, 2016 and December 31, 2015, the Company did not have any interest rate risk liabilities. All of the Company's debt has a fixed interest rate or are non-interest bearing.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

19. Financial instruments and financial risk management (continued):

The following is an analysis of financial obligations based on their due dates as at June 30, 2016:

	Payments due by period			
	Less than 1 year	**Between 1 and 3 years**	**More than 3 years**	**Total**
June 30, 2016				
Accounts payable	**$ 171,006**	**$ -**	**$ -**	**$ 171,006**
Advances from shareholders	**16,246**	**-**	**-**	**16,246**
Income taxes payable	**43,866**	**-**	**-**	**43,866**
Long-term debt	**6,501**	**13,713**	**8,073**	**28,287**
Lease obligations	**6,926**	**11,756**	**4,784**	**23,466**
	$ 244,545	**$ 25,469**	**$ 12,857**	**$ 282,871**

The following is an analysis of financial obligations based on their due dates as at December 31, 2015:

	Payments due by period			
	Less than 1 year	Between 1 and 3 years	More than 3 years	Total
December 31, 2015				
Accounts payable	$ 64,134	$ -	$ -	$ 64,134
Advances from shareholders	137,580	-	-	137,580
Long-term debt	6,083	13,311	11,660	31,054
Lease obligations	6,926	13,852	6,151	26,929
	$ 214,723	$ 27,163	$ 17,811	$ 259,697

The following is a liquidity analysis of the Company's assets as at June 30, 2016:

	Liquidity by period			
	Less than 1 year	**More than 1 year**	**Non-liquid**	**Total**
June 30, 2016				
Cash	**$ 22,362**	**$ -**	**$ -**	**$ 22,362**
Accounts receivable	**181,596**	**-**	**-**	**181,596**
Advances to shareholders	**7,497**	**-**	**-**	**7,497**
Other advances	**154,291**	**-**	**-**	**154,291**
Property and equipment	**-**	**-**	**23,354**	**23,354**
	$ 365,746	**$ -**	**$ 23,354**	**$ 389,100**

19. Financial instruments and financial risk management (continued):

The following is an analysis of financial obligations based on their due dates as at December 31, 2015:

	Liquidity by period			
	Less than 1 year	More than 1 year	Non-liquid	Total
December 31, 2015				
Cash	$ 5,820	$ -	$ -	$ 5,820
Accounts receivable	118,290	-	-	118,290
Prepaids	15,000			15,000
Other advances	21,166	-	-	21,166
Property and equipment	-	-	28,255	28,255
	$ 160,276	$ -	$ 28,255	$ 188,531

(d) Economic dependence:

Revenue

For the six months ended June 30, 2016, and from incorporation (March 31, 2015) to December 31, 2015, the Company earned 64% and 65%, respectively, of its revenue from one licensed producer, in the form of educational services.

Concentration of credit risk

As at June 30, 2016, the accounts receivable from 3 licensed producers of cannabis represents approximately 99% of the accounts receivable. As at December 31, 2015, the accounts receivable from 2 licensed producers of cannabis represents approximately 100% of the accounts receivable.

As at June 30, 2016 and December 31, 2015, the Company had no reason to believe that the accounts receivable will not be collected.

20. Future accounting changes:

As at the date of authorization of these financial statements, the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

20. Future accounting changes (continued):

The Company intends to adopt these standards, if applicable, when the standards become effective:

(a) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9") bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 introduces 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. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

In addition, IFRS 9 also 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, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet assessed the impact of the adoption of IFRS 9 on its financial performance or its financial position.

(b) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, 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 15 provides a single, principles based five step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*.

In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

20. Future accounting changes (continued):

(c) IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

(d) The presentation on the statement of income and other comprehensive income required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company has not completed the process of assessing the impact that the amended standards will have on its interim financial statements.

(e) IAS 7, *Statement of Cash Flows* ("IAS 7") - In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its financial statements.

(f) IAS 12, *Income Taxes* ("IAS 12") - In January 2016, the IASB issued amendments to IAS 12, which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its financial statements.

The Company has not completed the process of assessing the impact that the amended standards will have on its financial statements.

21. Subsequent event:

On June 15, 2016, the Company entered into a share exchange agreement ("Acquisition Agreement") between 672800 NB Inc. (doing business as Marijuana For Trauma) ("MFT") and Abba Medix Group Inc. ("Abba") whereby Abba will acquire all of the outstanding common shares of the Company and MFT. MFT is a privately-owned company engaged in the business of helping veterans with post traumatic stress disorder. Abba is a publicly-traded company on the Canadian Securities Exchange ("CSE") under the symbol "ABA", the company's goal is to become a marketplace leader through strategic partnerships, mergers, and acquisitions to create a fully integrated medical marijuana marketplace.

21. Subsequent event (continued):

Through the acquisition, the shareholders of MFT and the Company, collectively, will be issued shares (the "Share Consideration") amounting to approximately 66% of the issued and outstanding common shares of Abba immediately post-acquisition (non-diluted and prior to giving effect to the concurrent financing). The common shares for this transaction will be issued from treasury and will be broken down as follows: MFT will be issued approximately 51% of Abba in common shares and TLP will be issued approximately 15% of the issued and outstanding shares of Abba. The purchase price also includes approximately $4 million in aggregated cash consideration to the shareholders of MFT and TLP in an earn-out payment. The Share Consideration and cash consideration will be released to the shareholders over a period of three years from closing, subject to acceleration upon the business achieving certain performance targets.

The acquisition is expected to close in 2016 and is subject to a number of conditions, including (i) the completion of a minimum $5 million concurrent private placement financing, (ii) there being no material adverse change in the business of Abba, MFT or the Company (as applicable) prior to closing, and (iv) applicable regulatory approvals by Abba including the approval of the CSE.