T-Bird Pharma Inc. (formerly Firebird Energy Inc.)

Management's Discussion and Analysis of the Financial Condition and Results of Operations
For the three and nine months ended September 30, 2014

This Management Discussion and Analysis of the Financial Condition and Results of Operations ("MD&A") for the three and nine months ended September 30, 2014 is prepared as of November 29, 2014 and derived from, and should be read in conjunction with, the unaudited condensed interim consolidated financial statements (the "Interim Financial Statements") of T-Bird Pharma Inc. (the "Company" or "T-Bird") as at and for the three and nine months ended September 30, 2014, including the accompanying notes. The MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the Company's business and key factors underlying its financial results.

These Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS).

By their nature, the Interim Financial Statements do not include all the information required for full annual financial statements. The Interim Financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

The accompanying Interim Financial Statements include the accounts of the Company and its wholly owned subsidiary Thunderbird Biomedical Inc. (Thunderbird) located in Victoria, British Columbia. All inter-company balances and transactions have been eliminated on consolidation.

The Company's continuous disclosure documents are found on SEDAR at www.sedar.com.

All dollar figures referred to herein are Canadian dollars unless otherwise stated.

FORWARD-LOOKING INFORMATION

This MD&A, contains forward-looking statements, including statements regarding the business and anticipated future financial performance of the Corporation, which involve risks and uncertainties. These risks and uncertainties may cause the Corporation's actual results to differ materially from those contemplated by the forward looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Corporation's required financial statements and filings.

DESCRIPTION OF BUSINESS

T-Bird Pharma Inc. is the publically traded parent of the wholly owned subsidiary Thunderbird Biomedical Inc., a British Columbia incorporated company with headquarters in Victoria, B.C. Canada. Thunderbird was founded by Robert Gagnon, Rick Morris and Chris Taylor in 2013 for the purpose of producing and selling Medical Marijuana under Federal License (10-MM005-2014). During the quarter ended September 30, 2014, Health Canada extended the initial term of the license to February 6, 2015 and, as Thunderbird had not yet conducted any sales, removed the sales component of the license pending further development of standard operating procedures ("SOP's) and production of its first crop of product.

OVEVIEW

On July 30, 2014 the Company entered into a share exchange agreement (the "SEA") with Thunderbird and on September 4 2014, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") pursuant to the SEA. The Company acquired all of the issued and outstanding shares of Thunderbird in consideration for three T Bird shares for each common share of Thunderbird. Under these terms, T Bird Pharma issued 35,329,014 common shares to complete the acquisition.

Concurrent with the completion of the Transaction, the Company affected a consolidation of its share capital, on a 15 (old) for 1 (new) basis.

Also concurrent with the completion of the Transaction, the Company completed a private placement of 7,500,000 post consolidation units at $0.40 per unit, for gross proceeds of $3 million. Each unit is comprised of one common share and one half of one common share purchase warrant, with each whole warrant being exercisable into one share at an exercise price of $0.80 until September 4, 2015.

The Company was engaged in the exploration, development, and production of oil and natural gas and liquidated all oil and gas assets plus related liabilities immediately prior to the acquisition of Thunderbird.

During the quarter, which ended September 30, 2014, the Company was engaged in completion of the RTO, divestiture of its oil and gas assets and related liabilities, and closing the private placement financing in order to fund its business plan. The operating company Thunderbird focused its efforts on expanding production capacity at its initial facility in Victoria, B.C., further development of the SOP's, starting its first production crop, creating a beta test program for potential patient recipients of its first crop, and on initiating plans for development of its approximately 29,000 sq/ft expansion facility, also in Victoria, B.C.

SUBSEQUENT EVENTS

On October 10, 2014 Thunderbird harvested its first batch of medical marijuana and on November 4, 2014 received positive lab results that it was acceptable for sale without any remediation required which was as planned based upon Thunderbird's adherence to the clean growing SOP's it had established.

On December 1, 2014, the Company plans to announce that it has appointed Dr. Bin Huang as President and Chief Operating Officer. Dr. Huang began her career as a Research Scientist with Allelix Crop Technologies focusing on improving canola traits such as yield and disease-tolerance. She has also worked at GMP Securities as a Partner and top-ranked Biotech analyst. Dr Huang's management experiences include President & CEO of Cytovax Biotechnologies Inc. and WEX Pharmaceuticals Inc., both of which were Canadian public companies engaged in the development of pharmaceutical products. As CEO of WEX Pharmaceuticals Inc., Dr. Huang led the clinical development of Tetrodotoxin for cancer pain under the auspices of both the FDA and Health Canada, and oversaw the GMP manufacturing in Canada and Asia. As CEO of both Cytovax Biotechnologies Inc. and and WEX Pharmaceuticals Inc., Dr. Huang negotiated and executed commercial agreements with pharma partners, raised both private and public capital, and ensured public company compliance.

Dr. Huang received her Ph.D in Plant Cell Biology from the University of East Anglia, UK, her MBA from the University of Toronto and her BSc in Plant Genetics from Wuhan University, China.

RESULTS OF OPERATIONS

The consolidated reported net operating loss was $317,850 and 548,662 for the three and nine months ended September 30, 2014. The significant items comprising this net loss are summarized as follows:
• $44,225 of rent in the quarter
• $274,330 Wages in the quarter

During the quarter ended September 30, 2014 the Corporation's cash and cash equivalents increased by $2,083,425. This net increase was largely comprised of net cash received from the proceeds of the $3,000,000 private placement, less cash invested in equipment and facilities for the three and nine months ended September 30, 2014 of $69,604 and $135,683 respectively and cash used in operations.

The September 30, 2014 quarterly operating loss was largely driven by general and administrative expenses.

Share-based compensation of $591,522 for the three and nine months ended September 30, 2014 are compensation expenses related to employee options which are measured at fair value at the date of grant and expensed over the options vesting period, see note 11.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Corporation had cash of $2,474,319 and working capital of $2,393,172. The proceeds from the September 4, 2014 private placement financing have been used to fund the activities of the Company and continue build-out of production space as well as fund development plans for the production expansion facility.

To date the Corporation has relied largely upon the sale of common shares to provide working capital to fund its administration, overhead costs and expansion costs. This Corporation is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

OFF BALANCESHEET ARRANGEMENTS

The Corporation does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company purchased $32,828 of equipment from a related party during the nine month period ended September 30, 2014 represented by a non-interest bearing liability.

A Director has been engaged to provide consulting services to the Company at $5,000 per month from September 1, 2014 to August 31, 2015. For the quarter ending September 30, 2014, the expense incurred relating to this contract was $15,000 and has been paid to date.

Certain Directors and Management of the Company participated in the private placement completed during the periods presented. Proceeds from related parties related to the private placement totaled $125,000 for the nine months ended September 30, 2014.

During the quarter ending September 30, 2014 the Company did not enter into any other material transactions with related parties outside of those noted elsewhere in the MD&A.

CONTINGENCY AND CONTRACTUAL OBLIGATIONS

On January 1, 2014 the Company assumed a lease for premises to conduct its operations for the period January 1, 2014 to May 31, 2014, following which the Company renegotiated the lease at $4,750 plus GST per month for an initial term from June 1, 2014 to May 31, 2019. For years 3, 4, and 5 the Landlord shall calculate each year any increase in property taxes and strata fees compared with the 2014 actual levels, plus any strata levies assessed since June 1, 2014, and shall average this total increase over the remaining term of the lease. The lease includes an option to renew for two additional 5 year terms. The total commitment for the initial term is estimated to be $239,400.

On September 1, 2014 the Company signed a lease for expansion premises to conduct its operations from, for the period November 1, 2014 to October 31, 2019 with an option to renew for an additional two (2) five (5) year terms and an option to purchase the land and building during the period November 1, 2014 to October 31, 2017. The total commitment for the initial term is estimated to be $1,593,130

RISKS AND UNCERTAINTIES

Investment in the common shares of the Company must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following is a non-exhaustive list of the risk factors associated with the Company:

Financial Instruments

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

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

Fair value hierarchy financial instruments recorded at fair value at the statement of financial position dates are classified using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities.

- Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

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

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

Foreign exchange risk

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

Credit risk

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

Interest rate risk

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

Reliance on License

Thunderbird’s ability to grow, store and sell medical marijuana in Canada will be dependent on the License from Health Canada. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of Thunderbird and the Resulting Issuer. The License expires on February 6, 2015 and it does not currently permit any dried marijuana sales. Although Thunderbird believes it will meet the requirements of the MMPR for further extensions or renewals of the License and modification of the License to permit dried marijuana sales, there can be no guarantee that Health Canada will modify the License to permit dried marijuana sales and/or extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, or should it not modify the License to permit sales of dried marijuana, the business, financial condition and results of the operation of Thunderbird and the Company would be materially adversely affected.

Regulatory Risks

The activities of Thunderbird are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company’s business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company 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 Thunderbird and the Company.

Change in Laws, Regulations and Guidelines

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

Limited Operating History

Thunderbird was incorporated in 2013 and has yet to generate revenue. Thunderbird and the Company are 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 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.

Reliance on a Single Facility

To date, Thunderbird's activities and resources have been primarily focused on its first facility in British Columbia and Thunderbird will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the facility could have a material and adverse effect on the Companies business, financial condition and prospects.

The facility requires regular maintenance on both the heating and cooling systems and regular power component maintenance on the generator and delivery systems. Failure of the heating and cooling systems or electrical delivery systems can have a material and adverse effect of the Company's business, financial condition and prospects.

Thunderbird is currently planning on expansion into a second production facility which will require licencing by Health Canada and significant investment of capital. Neither the licencing nor the availability of capital are assured.

Reliance on Rezoning

The success of the Company is dependent upon Thunderbird having its current facility rezoned to permit production and mail order shipping of marijuana. While Thunderbird has filed a rezoning application regarding its current facility and is currently awaiting a municipal public rezoning hearing to permit the mail order activities required for patient delivery and a new proposed zoning designation of M3a: Industrial (heavy) with production of medical marijuana, and Thunderbird is not aware of any reasons why such a designation would not be granted, a failure to obtain rezoning could have a material adverse effect on the Company’s business, operating results or financial condition.

Reliance on Management

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

Factors which may Prevent Realization of Growth Targets

Thunderbird is currently in the early development stage. Thunderbird's growth strategy contemplates outfitting its production facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that Thunderbird may not have product or sufficient product available for shipment to meet future demand when it arises.

US Federal Government

Thunderbird cannot accept credit cards, as they are owned by US companies. The use of credit cards for products deemed illegal by the US State Department and Justice Department is illegal, regardless of the jurisdiction of use. Accordingly, the Thunderbird will only be able to accept Canadian source funds (debit / Interac/ wire / draft / money order) and will not be permitted to sell or provide products to non-Canadian resident patients. This limit on acceptable payment methods may limit the Thunderbird's ability to complete sales with patients.

The Company has a History of net losses, may incur significant net losses in the future and may not achieve or maintain profitability

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, the Company will not be profitable.

Additional Financing

The building and operation of Thunderbird's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. the Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company 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 the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. the Company 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 Company.

Risks Inherent in an Agricultural Business

Thunderbird's business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although Thunderbird grows its products indoors under climate controlled conditions, carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

Thunderbird's medical marijuana growing operations consume considerable energy, making Thunderbird and the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Transportation Disruptions

Due to the perishable and premium nature of Thunderbird's products, Thunderbird will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of Thunderbird and the the Company. Rising costs associated with the courier services used by Thunderbird to ship its products may also adversely impact the business of Thunderbird and the Company and their ability to operate profitably.

Unfavourable Publicity or Consumer Perception

The Company 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 Thunderbird's products can 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 Thunderbird's products and the business, results of operations, financial condition and cash flows of Thunderbird and the Company. Thunderbird'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 Thunderbird and the Company, the demand for Thunderbird's products, and the business, results of operations, financial condition and cash flows of Thunderbird and the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Thunderbird's 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.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, Thunderbird faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of Thunderbird's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Thunderbird's products alone or in combination with other medications or substances could occur. Thunderbird and the Company may be subject to various product liability claims, including, among others, that Thunderbird'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 Thunderbird could result in increased costs, could adversely affect Thunderbird's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and the financial condition of Thunderbird and the Company. There can be no assurances that Thunderbird 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 Thunderbird'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 Thunderbird's products are recalled due to an alleged product defect or for any other reason, Thunderbird could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Thunderbird 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 Thunderbird has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of Thunderbird's significant brands were subject to recall, the image of that brand and Thunderbird the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Thunderbird's products and could have a material adverse effect on the results of operations and financial condition of Thunderbird and the Company. Additionally, product recalls may lead to increased scrutiny of Thunderbird's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

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

Dependence on Suppliers and Skilled Labour

The ability of Thunderbird and the Company 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 Thunderbird will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by Thunderbird's capital expenditure program may be significantly greater than anticipated by Thunderbird's management, and may be greater than funds available to Thunderbird and the Company, in which circumstance Thunderbird may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of Thunderbird and the Company.

Difficulty to Forecast

Thunderbird 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 Thunderbird and the Company.

Operating Risk and Insurance Coverage

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

Exchange Restrictions on Business

As part of its conditional approval approving the RTO, the Exchange required that the Company deliver an undertaking confirming that, while listed on the Exchange, the Company will only conduct the business of production, acquisition, sale and distribution of medical marijuana in Canada as permitted under the License. This undertaking could have an adverse effect on Thunderbird’s ability to export marijuana from Canada and on the Company’s ability to expand its business into other areas including the provision of non-medical marijuana in the event that the laws were to change to permit such sales and the Company is still listed on the Exchange and still subject to such undertaking at the time. This undertaking may prevent the Company from expanding into new areas of business when the Company competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations 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.

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 the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

The Market Price of the Company's Common Shares May be Subject to Wide Price Fluctuations

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

Dividends

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

Limited Market for Securities

The Company is listed on the Exchange, however, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Environmental and Employee Health and Safety Regulations

Thunderbird's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Thunderbird will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Thunderbird's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Thunderbird and the Company.

A Substantial Number of Common Shares are Owned by a Limited Number of Existing Shareholders

The Company’s management, directors, co-founders and employees own a substantial number of the outstanding common shares (on a fully diluted basis). As such, the Company’s management, directors, co-founders and employees, as a group, each are in a position to exercise influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company’s shareholders, including the election and removal of directors, amendments to the Company's corporate governing documents and business combinations. The Company's interests and those of individuals holding substantial numbers of common shares may at times conflict, and this conflict might be resolved against the Company's interests. The concentration of control by a small number of individuals may practically preclude an unsolicited bid for the Company's common shares, and this may adversely impact the value and trading price of the common shares.

Future Sales by Significant Shareholders

Following release of shares from the resale restrictions imposed by the terms of escrow agreements, should the individuals holding substantial numbers of common shares determine to act in concert and sell their shares, the market price of the common shares may fall. This could result from the pressure on the market caused by such sales, or from concern that the sales signify problems in the Company's operations, or from some combination of the two. Mitigating this risk to some extent, though in no way eliminating it, is the fact that approximately 58.9% of the common shares are subject to surplus escrow agreements and releasable in tranches of 5% upon the date of completion of the private placement financing (“Closing”), 5% six months from the date of Closing, 10% 12 months from the date of Closing, 10% 18 months from the date of Closing, 15% 24 months from the date of Closing, 15% 30 months from the date of Closing and 40% 36 months from the date of Closing, subject to the condition that no common shares shall be released from surplus security escrow until the Company has received an amended license to sell medical marijuana.

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CRITICAL ACCOUNTING ESTIMATES

The preparation of interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods presented. Actual results may differ from these estimates made by management.

Since a determination of many assets, liabilities, revenues and expenses are dependent upon future events; the preparation of financial statements requires the use of estimates and assumptions which have been made using careful judgment.

OTHER MD&A REQUIREMENTS

Summary of Securities as at September 30, 2014

Authorized Capital:	unlimited number of voting common shares without par value
Issued and Outstanding:	46,070,841 voting common shares
Warrants Outstanding:	3,500,000 warrants with each whole warrant being exercisable into one share at an exercise price of $0.80 until September 4, 2015, and 525,000 finder's fee warrants, with each whole warrant being exercisable into one share at an exercise price of $0.40 until September 4, 2015
Stock Options Outstanding:	2,050,000 options under the Company Stock Option Plan at $0.40