T-BIRD PHARMA INC.
(Formerly Firebird Energy Inc.)

Condensed Interim Consolidated Financial Statements

(unaudited)

For the nine months ended September 30, 2014 and the period from date of incorporation January 28, 2013 to September 30, 2013
(Stated in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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

T-BIRD PHARMA INC. (FORMERLY FIREBIRD ENERGY INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2014 and December 31, 2013
(Unaudited - as prepared by management)
(Expressed in Canadian dollars)

	Sept. 30, 2014	December 31, 2013 (Audited)
ASSETS		
Current		
Cash and cash equivalents	**$ 2,474,319**	$ 1
Accounts receivable	**37,115**	-
Prepaid expenses	**107,008**	-
Total current assets	**2,618,442**	1
EQUIPMENT (Note 6)	**127,057**	3,945
	$ 2,745,499	$ 3,946
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 170,091**	$ 5,500
Due to shareholders (Note 8)	**22,351**	5,088
Note payable (Note 7)	**-**	8,017
Due to Related Party (Note 10)	**32,828**	**-**
Total current liabilities	**225,270**	18,605
SHAREHOLDER'S EQUITY		
Share capital (Note 11)	**3,376,748**	1
Contributed surplus	**1,053,719**	-
Deficit	**(1,910,238)**	(14,660)
	2,520,229	(14,659)
	$ 2,745,499	$ 3,946

Nature and continuance of operations (Note 1)
Commitments (Note 12)

On behalf of the Board of Directors:

"Robert Gagnon"
Director

“Chris Taylor”
Director

See accompanying notes

T-BIRD PHARMA INC. (FORMERLY FIREBIRD ENERGY INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the three and nine month periods ended September 30, 2014 and the period from date of incorporation January 28, 2013 to September 30, 2013
(Unaudited - as prepared by management)
(Expressed in Canadian dollars)

	Three Months Ended Sept. 30, 2014	Three Months Ended Sept. 30, 2013	Nine Months Ended Sept. 30, 2014	Incorporation Date January 28 to Sept. 30, 2013
OPERATING EXPENSES				
Amortization	$ 5,708	$ -	$ 12,571	$ -
General and administrative	312,142	4,874	536,091	5,796
Loss before other income (expense)	(317,850)	(4,874)	(548,662)	(5,796)
Investor relations costs	(9,100)	-	(9,100)	-
Stock based compensation (Note 11)	(591,522)	-	(591,522)	-
Reverse acquisition transaction costs (Note 2)	(746,294)	-	(746,294)	
Net loss and comprehensive loss for the period	$ 1,664,766	$ 4,874	$ 1,895,578	$ 5,796
Basic and diluted loss per common share			0.06	-
Weighted average number of common shares outstanding			34,037,790	10,000,000

See accompanying notes

T-BIRD PHARMA INC. (FORMERLY FIREBIRD ENERGY INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended September 30, 2014 and the period from date of incorporation January 28, 2013 to September 30, 2013
(Unaudited - as prepared by management)
(Expressed in Canadian dollars)

	Attributable to the equity holders			
	Share Capital	Deficit	Contributed Surplus	Total Equity (Deficiency)
Balance, January 28, 2013	**1**	**-**		**1**
Net loss for the period	**-**	**(5,796)**		**(5,796)**
Balance, Sept. 30, 2013	**1**	**(5,796)**		**(5,795)**
Balance, January 1, 2014	**1**	**(14,660)**		**(14,659)**
Equity financing May 2, 2014	**852,642**	**-**		**852,642**
Reverse Takeover Sept. 4, 2014	**671,780**	**-**	**601,951**	**1,273,731**
Private placement Sept. 4, 2014	**1,852,325**	**-**		**1,852,325**
Stock based compensation	**-**	**-**	**451,768**	**451,768**
Net loss for the period	**-**	**(1,895,578)**		**(1,895,578)**
Balance, Sept. 30, 2014	**3,376,748**	**(1,910,238)**	**1,053,719**	**2,520,229**

See accompanying notes

T-BIRD PHARMA INC. (FORMERLY FIREBIRD ENERGY INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine month periods ended September 30, 2014 and the period from date of incorporation January 28, 2013 to September 30, 2013
(Unaudited - as prepared by management)
(Expressed in Canadian dollars)

	Nine Months Ended Sept. 30, 2014	Incorporation Date January 28 to Sept. 30, 2013
Cash provided by (used in):		
Operations		
Net loss	**$(1,895,578)**	$ (5,796)
Item not affecting cash:		
Amortization	**12,571**	-
Stock based compensation	**591,522**	-
Reverse acquisition transaction costs	**746,294**	-
Changes in non-cash operating working capital		
Accounts receivable	**(37,115)**	-
Prepaid expenses	**(107,008)**	-
Accounts payable and accrued liabilities	**183,315**	-
	(505,999)	(5,796)
Investing		
Purchase of equipment	**(135,683)**	-
Financing		
Advances from shareholders	**17,263**	923
Share issuance costs	**(516,113)**	-
Repayment of loans and note payable	**(8,017)**	-
Advances from related party	**32,828**	-
Proceeds of share issuance	**3,600,047**	1
	3,116,000	924
Net increase (decrease) in cash and cash equivalents during the period	**2,474,318**	(4,872)
Cash and cash equivalents, beginning of period	**1**	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 2,474,319**	$ (4,872)

See accompanying notes

1. NATURE AND CONTINUANCE OF OPERATIONS

T-Bird Pharma Inc. (the "Company" or "Corporation"), formerly Firebird Energy Inc. ("Firebird") was incorporated by articles of incorporation pursuant to the Business Corporations Act of British Columbia on July 31, 2007 as Firebird Capital Partners Inc. Its registered office is at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, B.C. V6E 3X1. On December 27, 2012 the Company changed its name to Firebird Energy Inc. On September 4, 2014, Firebird Energy Inc. completed the acquisition of all of the issued and outstanding common shares of Thunderbird Biomedical Inc. (“Thunderbird”), by way of a reverse takeover (the “Transaction”) under the rules of the TSX Venture Exchange and concurrently changed its name to T-Bird Pharma Inc. The Company is classified as a Tier 2 Venture Issuer on the TSX Venture Exchange.

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. Thunderbird is a private Victoria-based company and was incorporated by articles of incorporation pursuant to the Business Corporations Act of British Columbia on January 28, 2013. The principal business of the Thunderbird is the production and sale of medical marijuana pursuant to the Marijuana for Medical Purposes Regulations (See Note 11).

These condensed interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At September 30, 2014, the Company had not yet achieved profitable operations, had accumulated losses of $1,910,238 (2013 - $14,660) since its inception. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern without raising additional capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate capital and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

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

(Expressed in Canadian dollars)

2. REVERSE TAKE OVER

On September 4 2014, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") pursuant to a share exchange agreement made on July 30, 2014, between Firebird and Thunderbird. Firebird acquired all of the issued and outstanding shares of Thunderbird in consideration for three T-Bird Pharma 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 value of net monetary assets of Firebird (a legal parent) acquired in exchange for all of the issued and outstanding common shares of Thunderbird (a legal subsidiary) is set out as follows:

Cash	$	1,555
Accounts receivable		16,467
Prepaids		30,750
Accounts payable		(30,048)
Net assets acquired	$	18,724

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since Firebird does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with Thunderbird being identified as the acquirer with the transaction being measured at the fair value of the equity consideration issued to Firebird.

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since Thunderbird shareholders have issued shares with a fair value in excess of the net assets received,

2. REVERSE TAKE OVER (Continued)

IFRS 2 would indicate that the difference is recognized in comprehensive loss as a reverse acquisition transaction cost.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. By reference to a completion of a private placement of 7,500,000 units at $0.40 per unit on a closing date of the Transaction, the fair value of each Company common share at the time of the Transaction was $0.335. Accordingly, the value of the 4.35% (i.e. 2,005,312 shares) of the share capital owned by former owners of the Company at the time of the Transaction was $671,780. The Company incurred $93,238 related to this Transaction.

The amount assigned to reverse acquisition transaction cost is $746,294, being the difference between the fair values of the equity consideration ($671,780)/related legal costs ($93,238) and the net identifiable assets of Firebird ($18,724). Under IFRS, this amount is included in the statement of comprehensive loss.

Consideration	$ 671,780
Legal costs	93,238
Net monetary assets acquired	(18,724)
Unidentifiable assets acquired	$ 746,294

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payment transactions

The Company's share option plan allows the Company's employees and consultants to acquire shares of the Company. The Company measures equity-settled share-based payments issued under the stock option plan at the fair value of the equity instruments at the grant date. The Company calculates the fair value using the Black-Scholes option valuation model and expenses this amount over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, crediting the amounts to contributed surplus. It revises its estimate of the number of equity instruments expected to vest at the end of each reporting period, recognizing the impact of revising the original estimates, if any, in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other paid-in capital. When options are exercised, the Company credits the proceeds, together with the amount originally credited to contributed surplus. In the case of consultants, the value of the options is measured based on fair value of goods or services provided, unless it cannot be reliably determined.

Significant accounting judgments and estimates

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

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

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

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

<u>Determination of functional currency</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Financial instruments

<u>Financial assets</u>
The Company classifies its financial assets into one of the following categories as follows:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

<u>Financial liabilities</u>
The Company classifies its financial liabilities into one of two categories as follows:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2015 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

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

4. 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 to a variety of financial instrument related risks:

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

FINANCIAL INSTRUMENTS (continued)

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.

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

(Expressed in Canadian dollars)

5. CAPITAL MANAGEMENT

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

6. EQUIPMENT

		September 30, 2014		
	Amortization Rates	Cost	Accumulated Depreciation	Net Book Value
Equipment	**30%**	**45,583**	**8,294**	**37,289**
Leasehold improvements	**5yr/sl**	**94,739**	**4,971**	**89,768**
		$ 140,322	**$ 13,265**	**$ 127,057**

		December 31, 2013		
	Amortization Rates	Cost	Accumulated Depreciation	Net Book Value
Equipment	**30%**	**4,641**	**696**	**3,945**
		$ 4,641	**$ 696**	**$ 3,945**

(Expressed in Canadian dollars)

7. NOTE PAYABLE

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

8. DUE TO SHAREHOLDERS

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

9. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2014, the Company's wholly owned subsidiary, Thunderbird acquired certain equipment attached to the leased premises from a related entity controlled by the CEO at fair market value and is included in the due to related party.

10. DUE TO RELATED PARTY

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

11. SHARE CAPITAL

	Sept. 30, 2014	December 31, 2013
Authorized		
Unlimited number of Common Voting shares without par value; and		
Issued		
46,070,841 Common voting shares (2013 – 10,000,000)	**$3,376,748**	$**1**

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

On April 28, 2014, the Company issued 526,250 common shares from treasury at a price of $0.00001 per share for total cash proceeds of $5. The fair value of these shares was $252,600; therefore, a stock based compensation of $252,595 was recorded for the difference between the fair value and cash consideration paid. The fair value of these shares was determined using the financing of 1,250,088 common shares sold at a price of $0.48 per share on May 2, 2014.

On May 2, 2014, the Company issued 1,250,088 common shares from treasury at a price of $0.48 per share for total cash proceeds of $600,042.

On September 4, 2014, upon completion of the Transaction, the Company issued 36,565,528 shares to acquire all of the outstanding shares of Thunderbird. Concurrent with the Transaction, the Company affected a consolidation of its share capital on a 15 (old) for 1 (new) basis. Also concurrent with the Transaction the Company also issued 2,005,312 shares to former shareholders of Firebird. All references to common shares in these financial statements reflect the share consolidation.

On September 4, 2014, the Company closed a private placement by issuing 7,500,000 units at a price of $0.40 per unit for gross proceeds of $3,000,000. Each unit comprises 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 fair value of the warrants included in the units was estimated to be $0.13 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.12%, expected volatility of 117.05%, an expected life of 1 year and no expected dividends. The Company also issued 525,000 finder's warrants, with each whole warrant being exercisable into one share at an exercise price of $0.40 until September 4, 2015. The fair value of finder's warrants was estimated to be $0.21 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.12%, expected volatility of 117.05%, an expected life of 1 year and no expected dividends.

Warrants

As at September 30, 2014, the Company had warrants outstanding enabling holders to acquire the following:

Number of Warrants	Exercise Price	Expiry Date
3,750,000	$0.80	September 4, 2015
525,000	$0.40	September 4, 2015
4,275,000		

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Share based payments

(i) As at September 30, 2014, the Company had stock options outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
2,050,000	$0.40	September 4, 2019
2,050,000		

(ii) A summary of the status of the Company's stock options as at September 30, 2014, and changes during those periods is presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance, December 31, 2013	-	$ -	-
Exercised	-	-	-
Granted	2,050,000	0.40	8.9 years
Balance, September 30, 2014	**2,050,000***	**$0.40**	**8.9 years**

*947,917 vested and exercisable as at September 30, 2014

On September 4, 2014, the Company granted 2,050,000 stock options at an exercise price of $0.40 to its employees and directors with an expiry date of September 4, 2019. 900,000 options vested immediately, 500,000 options will vest over 24 months and 650,000 options will vest over 36 months.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Share based payments (continued)

During the period ended September 30, 2014, stock based compensation has been recorded in the amount of $338,927 and included in contributed surplus. The amount is management's estimate of the fair value of the stock options vested in the year, and has been expensed in the statement of operations as stock based compensation. The stock-based compensation value was determined using the Black-Scholes option pricing model. The fair value computed using the Black-Scholes model is only an estimate of the potential value of the individual options and the Company is not required to make payments for such transactions. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The fair values of these options were determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	September 30, 2014
Risk-free interest rate	1.6%
Expected life of options (in years)	5
Annualized volatility	108%
Forfeiture rate	0.00%
Dividend rate	-

12. COMMITMENTS AND LICENSE

On February 5, 2014, Thunderbird, was issued a Medical Marihuana Production license by Health Canada pursuant to the Marihuana for Medical Purposes Regulations and the Controlled Drugs and Substances Act. The license was subsequently extended and is currently valid until February 6, 2015.

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

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.