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

MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2014

Dated: April 17, 2015

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Introduction

The following Management's Discussion and Analysis ("MD&A") is prepared as of April 17, 2015 and is intended to assist the understanding of the results of operations and financial condition of T-Bird Pharma, Inc.

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 ("MMPR").

This MD&A should be read in conjunction with the audited financial statements and accompanying notes of the Company for the year ended December 31, 2014 and the period from date of incorporation, January 28, 2013 to December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. All figures are in Canadian dollars unless otherwise noted.

Additional information related to the Company is available on its website at www.tbirdpharma.com and on the Canadian Securities Administrator's website at www.sedar.com.

Forward-Looking Statements

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 and Recent Development

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.

During the year ended December 31, 2014, Health Canada granted Thunderbird a production license with a term to February 6, 2015, which was extended to May 6, 2015 (10-MM005-2015) subsequent to the reporting date. Since receiving its MMPR License, Thunderbird has undergone numerous Health Canada inspections, fine-tuned its production facilities and quality assurance systems, and harvested its first batch of product. The product was tested by a third-party, certified laboratory and the analytical test results were found to be compliant with Division 4 – Good Production Practices of the MMPR, confirming that the product was acceptable for sale without any remediation required. This was a result of Thunderbird's adherence to the clean growing standard operating procedures ("SOPs") it had established. Thunderbird has since harvested several batches of product, some of which have been packaged and are ready for sale. Thunderbird is awaiting final Health Canada approval of the SOPs related to sales and inventory.

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.

Since completion of the RTO and private placement financing, the operating company, Thunderbird, focused its efforts on expanding production capacity at its initial facility in Victoria, B.C., further development of the SOPs, starting its first production crop, and on initiating plans for development of its second facility, also in Victoria, B.C.

Outlook

Thunderbird's goal is to be an exemplary Licenced Producer with rigorous quality standards for its products, processes and customer services. Thunderbird's fully developed production and quality systems, including SOPs, are tested, scalable and transferable. The Company aims to actively and prudently grow its production capacity to gain economies of scale. To this end, subsequent to the year-end, the Company completed the engineering design and received a building permit from the City of Victoria for a second facility with a space of 43,500 square feet including a mezzanine structure. The Company also submitted a license application to Health Canada for this second facility. In parallel with building its own growing capacities, Thunderbird also continues to explore partnership opportunities as additional options for growing its operations.

The Company anticipates receiving a sales license in the near future and is looking forward to providing the highest quality medical marijuana to Canadian patients.

Results of Operations

The Company's net loss during the year ended December 31, 2014 was $2,645,105 (loss of $0.07 per share), compared to a net loss of $14,660 (loss of $0.00 per share) for the same period ended December 31, 2013. The increase in the 2014 net loss of $2,630,445 is primarily due to the following:

- The Company's activities were minimal prior to the production license obtained in February 2014. Since then, the Company has hired employees and engaged advisors and consultants to implement the systems and procedures required to manufacture under MMPR.
- The Company incurred $243,287 in advisors and consultants fees in 2014, including $138,625 related to the second facility lease and engineering design. As this lease is currently month-to-month these fees were expensed.
- A transaction expense of $746,294 was incurred in 2014 due to the reverse takeover completed in September 2014.
- Share-based payment expenses of $728,494 was incurred in 2014 due to the issuance of stock options to certain directors, employees and consultants with a fair value of $475,899, and the issuance of 1,578,750 common shares from treasury on April 28, 2014 for a fair value in excess of proceeds of $252,595.
- Facility costs of $148,088 incurred in 2014 include approximately $60,000 in lease costs related to the licensed production facility and $70,000 for the second facility.
- The Company incurred $74,978 in investor relations due to the completion of the RTO in September 2014.

Selected Annual Financial Information

The following tables provide a brief summary of the Company's financial operations. For more detailed information, refer to the Audited Financial Statements:

	2014 ($)	2013 ($)
Revenue	-	-
Operating expenses	1,170,317	14,660
Share-based payments	728,494	-
RTO costs	746,294	-
Net Loss	(2,645,105)	(14,660)
Loss per share	(0.07)	(0.00)
Total net loss	(2,645,105)	(14,660)
Total assets	2,041,534	3,946

Summary of Quarterly Results	**2014**			
	December 31	**September 30**	**June 30**	**March 31**
Revenue	-	-	-	-
Operating expenses	612,555	326,950	197,643	33,169
Share-based payments	136,972	591,522	-	-
RTO costs	-	746,294	-	-
Loss	(749,527)	(1,664,766)	(197,643)	(33,169)
Loss per share	(0.02)	(0.05)	(0.00)	(0.00)

Summary of Quarterly Results	**2013**			
	December 31	**September 30**	**June 30**	**March 31**
Revenue	-	-	-	-
Expenses	8,864	4,874	890	32
Other expenses	-	-	-	-
Loss	(8,864)	(4,874)	(890)	(32)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Discussion of Quarterly Results

Quarter Ended December 31, 2014 Compared to the Quarter Ended December 31, 2013

The Company's loss for the quarter ended December 31, 2014 was $749,527 (loss of $0.02 per share), an increase of $740,663 when compared to the loss for the quarter ended December 31, 2013 of $8,864 (loss of $0.00 per share). The increase in loss for the quarter ended December 31, 2014 compared to the quarter ended December 31, 2013 is primarily due to the following:

- The Company's activities were minimal prior to the production license obtained in February 2014. Since then, the Company has hired employees and engaged advisors and consultants to implement the systems and procedures required to manufacture under MMPR.
- In the fourth quarter of 2014, the Company recognized a share-based payment of $136,972. There was no such expense in the fourth quarter of 2013.

Additional Disclosure for Venture Issuers Without Significant Revenue

As the Company had no significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	2014 ($)	2013 ($)
Expensed research and development costs	1,424	-
General and administrative expenses	64,455	2,821
Purchase of plant and equipment	218,951	4,641
Any material costs (capitalized, deferred or expensed) not referred to above or disclosed in the financial statements	-	-

Liquidity and Capital Resources

<u>Working Capital</u>

As at December 31, 2014, the Company had cash of $1,718,795, other current assets of $120,031 and working capital of $1,704,966.

<u>Operating, Financing, and Investing Activities</u>

Cash generated was $1,718,794 for the year ended December 31, 2014, compared with cash generated of $1 for the year ended December 31, 2013. Operating activities used cash of $1,254,890 for the year ended December 31, 2014, compared with the cash used of $8,464 for the year ended December 31, 2013. The cash outflow in 2014 was mainly due to the increase in activities and operation of the Company.

Cash used from investing activities in the year ended December 31, 2014 was $218,951, compared to cash used of $4,641 for the year ended December 31, 2013. The increase in mainly due to the purchase of equipment and leasehold improvements in the Company's production facilities.

Cash generated from financing activities in the year ended December 31, 2014 was $3,192,635, compared to cash generated of $13,106 for the year ended December 31, 2013. The increase is mainly due to the rounds of equity financing that took place in 2014.

Historically, the Company's source of funding has been the advances from shareholders and issuance of equity securities for cash, primarily through private placements.

At December 31, 2014, the Company has sufficient working capital to continue as a going concern. At the Company's current stage, if the Company were not able to obtain additional sources of income through sales of its products, the Company may need to obtain additional financing to continue to meet its obligations and generate sufficient cash to meet its operating expenses in the future.

Measurement uncertainty and impairment assessments

As at December 31, 2014, management of the Company has determined that while no impairment indicators of its assets were present, no additional impairment write-downs in excess of those that had been previously recorded were required. Management continues to review each of its assets for impairment.

Transactions with Related Parties

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

During the year ended December 31, 2014, the Company's wholly owned subsidiary, acquired certain equipment attached to the leased premises from a related entity controlled by the then CEO at fair market value in the amount of $27,841.

A director was engaged to provide consulting services to the Company from May 2014 until August 2015. The total expense for the year ended December 31, 2014 was $31,370.

During the year ended December 31, 2014, $2,330 was paid to a company wholly owned by the then CFO for accounting services.

During the year ended December 31, 2014, the Company borrowed loans from two of its senior management of $5,500 and $1,000 respectively. These loans are non-interest bearing.

The Company also borrowed funds from a director and the spouse of a shareholder of $5,000 each. These loans were interest bearing at 15% per annum. The Company paid off the two interest-bearing loans as at December 31, 2014.

The Company also paid bonuses of $10,000 to two of its senior officers for performance.

<u>Remuneration of directors and key management of the Company</u>

The remuneration awarded to directors and to senior key management including the Chief Executive Officer, the Chief Financial Officer, and the President, includes the following:

	2014	**2013**
Short-term benefits	$3,400	$ -
Termination benefits	-	-
Share-based payments	379,698	-
Total compensation of key management personnel	$ 383,098	$ -

Proposed Transactions

There are no material decisions by the Board of Directors of the Company with respect to any imminent or proposed transactions that have not been disclosed, except the escrow transfer discussed in the subsequent events section.

Critical Accounting Policies and Estimates

Included in Note 3 of the 2014 Audited Consolidated Financial Statements are the accounting policies and estimates that are critical to the understanding of the business operations and results of operations.

Change in Accounting Policies

The Company has adopted the following accounting standards which became effective on January 1, 2014.

<u>IAS 32 – Financial Instruments Presentation</u>

IAS 32 clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

<u>IFRIC 21 Levies</u>

IFRIC 21, an interpretation of IAS 37 – Provision, Contingent Liabilities and Contingent Assets, on the accounting for levies imposed by government. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligation event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

<u>IAS 36 – Impairment of Assets</u>

IAS 36 clarifies the requirement to disclose information about the recoverable amount of assets for which an impairment loss has been recognized or reversed.

The above amendments do not have significant impacts on the Company's financial position or performance.

Accounting Standards Issued but Not Yet Effective

<u>IFRS 15 – Revenue from Contracts with Customers</u>

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

IFRS 9 – Financial Instruments

IFRS 9 replaces the guidance in IAS 39 - Financial Instruments; Recognition and Measurement, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. Management identifies and evaluates the financial risks and is charged with the responsibility of establishing controls and procedures to ensure the financial risks are mitigated in accordance with the approved policies.

Currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has not hedged its exposure to currency fluctuations. 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's maximum exposure to credit risk as at December 31, 2014 is the carrying value of its financial assets.

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

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at December 31, 2014, the Company had positive working capital of $1,704,966. Accordingly, the Company is able to meet its current obligations and has minimal 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.

Management of Capital

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.

Commitments

On January 1, 2014, Thunderbird assumed a lease for premises to conduct its operations, 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, 2019 with an option to renew for an additional 2, five year terms.

On September 1, 2014 the Company signed a lease for expansion premises to conduct its operations for an initial month-to-month period from November 1, 2014 to April 30, 2015, a second period from May 1, 2015 to October 31, 2015 and a third period from November 1, 2015 to October 31, 2019. There is an option to renew for an additional 2, five year terms and an option to purchase the land and building during the period November 1, 2014 to October 31, 2017. Basic rent for the initial month-to-month lease period is $26,552 per month plus additional rent of $9,221 per month starting November 1, 2014 to cover operating costs. The lease can be terminated any time with advance notice in the initial month-to-month period.

On September 1, 2014, the Company retained an investor relations consulting firm to provide investor relations services on behalf of the Company. The Agreement is for a term of eighteen months and may be terminated by either party by giving 90 days' written notice of such termination. The Company will pay a monthly retainer fee of $7,500 plus GST and any reasonable pre-approved expenses incurred on behalf of the Company.

A director was engaged to provide consulting services to the Company at $5,000 plus GST per month from September 1, 2014 to August 31, 2015.

		Due by year ending				
	Total	**2015**	**2016**	**2017**	**2018**	**2019 and thereafter**
Production facility	$ 251,750	$ 57,000	$57,000	$57,000	$57,000	$23,750
Investor relations	105,000	90,000	15,000	-	-	-
Consulting services	40,000	40,000	-	-	-	-
	$ 396,750	$187,000	$72,000	$57,000	$57,000	$23,750

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Disclosure Controls and Procedures

During the year ended December 31, 2014 there has been no significant change in the Company's internal control over financial reporting since last reporting period.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com. In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 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.

Disclosure of Outstanding Share Data

As at April 17, 2015, there were 46,070,841 common shares and 3,150,000 stock options outstanding.

Subsequent Events

(a) License Extension

On February 5, 2015, 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 May 6, 2015.

(b) Escrow Transfer

In March 2015, the Company, together with certain of its shareholders, entered into an agreement with Medna Biosciences Inc. ("Medna") whereby Medna will acquire (the "Escrow Transfer") a total of 20,156,790 common shares of the Company (45% of the Company's issued shares) from five of its founding shareholders, including its former CEO and CFO, at a price of $0.21 per share. 17,906,790 of these shares are currently held in escrow and the shares will be transferred within escrow and remain bound by those terms and conditions. The Escrow Transfer has been approved by the TSX Venture Exchange. 3 representatives from Medna will join the Board of Directors while 3 existing directors will step down. The incoming directors will be granted a total of 1,500,000 options exercisable at the market closing price. The option grant is subject to the closing of the Escrow Transfer and TSX Venture Exchange approval.

(c) CEO

In January 2015, Robert Gagnon, CEO stepped down and was replaced by Dr. Bin Huang, formerly President and COO. Mr. Gagnon will continue to provide consulting services to the company for a period of twelve months from February 1, 2015 to January 31, 2016 for $10,000 per month. Stock options held by Mr. Gagnon are exercisable until the end of the consulting period.

(d) Appointment of Chief Financial Officer

In February 2015, Chris Taylor stepped down as CFO and will continue as Corporate Secretary. Sandra (Sandy) Pratt was appointed as Chief Financial Officer. 350,000 stock options at an exercise price of $0.41 vesting over 36 months with a five-year term were granted to the incoming CFO.

(e) Option grant amended

In February 2015, the Company amended the stock option grant for the investor relations consultant, reducing the stock options granted from 300,000 to 150,000. All other terms of the stock option grant remain the same.

(f) Rezoning approval

In March 2015, the Company received notice from The Corporation of the District of Saanich confirming the final rezoning approval of the Company's premises which now allows for commercial distribution of medical marijuana under the MMPR.

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:

<u>Reliance on License</u>

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 May 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 of 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 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 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.

Financial 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, 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.

<u>Competition</u>

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.

<u>Risks Inherent in an Agricultural Business</u>

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.

<u>Vulnerability to Rising Energy Costs</u>

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 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.